FINANCIAL TIMES

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FRIDAY MARCH 27 1998

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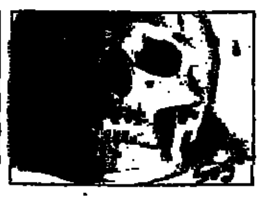
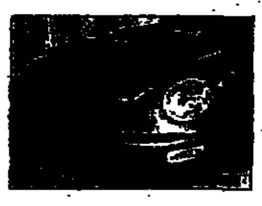


FT Weekend tomorrow
A macabre mystery: what happened to Francisco Goya's skull?



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Men in grey suits are the masters now
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WORLD NEWS

Clinton says US has a 'profound stake' in South African success

President Bill Clinton told South Africans that the US – for economic, strategic and moral reasons – had a "profound and pragmatic stake" in the success of their multiracial democracy. Page 14; Observer, Page 13

Paris signals pension reform
France's social affairs minister, Martine Aubry, indicated her desire to slow down reforms to the pensions system in an effort to build broader *consensus for change.* Page 3

UK trade deficit hits record
Aggressive silver trading led by Warren Buffett, the US billionaire investor, and the turmoil in Asia, caused the UK's largest trade deficit with countries outside the European Union last month. Pound's rise, Page 8; Lex, Page 14

Green wounds deepen
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Yugoslav leaders dismissed US and British threats of further sanctions in response to Serbia's conflict with the ethnic Albanian majority in the southern province of Kosovo. Page 3

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Rauf Denktash, the Turkish Cypriot leader, will play one of his last diplo*matic cards to halt next* Tuesday's membership talks between the Greek Cypriot-led government of Cyprus and the European Union. Page 2

Netanyahu plan for Palestine land
Israeli PM Benjamin Netanyahu said pockets of land under Palestinian control could be linked. Page 6; Editorial Comment, Page 13

Offshore life insurers' campaign
Offshore life insurers have launched a campaign to force the UK government to retreat on a Budget proposal which they claim endangers client confidentiality. Page 9

US urges defence co-operation
A senior US defence official warned Europe against creating a single, large weapons maker. Page 5

Charest throws down challenge
Jean Charest is to leave national Canadian politics to seek the Liberal party leadership in Quebec. Page 5

Mejia runs for vice-president
Colombian foreign affairs minister Maria Emma Mejia resigned to join the campaign of Liberal party presidential candidate Horacio Serpa, as vice-presidential candidate. Page 5

Beijing envoy may visit Taipei
China's chief negotiator with Taiwan has signalled his willingness to visit Taipei. Page 4

Taiwan aviation chief dismissed
The chief of Taiwan's civil aviation bureau, Tsai Duei, was dismissed after a string of civil and military aviation disasters. Page 4

India urged to adopt UK model
India's chief financial regulator has called on the country's new government to adopt a "Thatcherite" model of privatisation. Page 4

Eight die in Malaysian riot
Eight illegal immigrants were killed by Malaysian police after a violent protest against their deportation to Indonesia. Page 4

Labour group investigates Nigeria
The International Labour Organisation established a commission *of inquiry* to investigate abuses of trade union rights in Nigeria. Page 6

BUSINESS NEWS

PolyGram shares fall on earnings warning as global music sales slow

PolyGram, the Dutch entertainment group, saw its shares tumble by Fl 7.30 to close at Fl 99.50 after warning that first quarter earnings per share would be "sharply lower" than same period last year. Page 15; Lex, Page 14

BASF, German chemicals and drugs group, is looking at plans to list its shares on a US stock exchange and switch its accounts to US or international standards. Page 15

Japan's ruling Liberal Democratic party unveiled a Y16,000bn ($125bn) package of measures to stimulate the economy but failed to explain how much of it was new or how the money would be spent. Page 14 and Lex; Editorial Comment, Page 13

Donaldson, Lufkin & Jenrette, the US investment bank, has poached Mark Rutherford, head of European equities trading at Deutsche Morgan Grenfell, to join its planned London-based equities operation.

The World Trade Organisation appears set to uphold complaints from the US, Japan and Europe against Indonesia's granting of tax breaks to its "national car", produced by a company controlled by President Suharto's son. Page 7

Swedish companies' threats to move operations out of the country because of high taxes intensified when the largest company, Ericsson, indicated it might shift head office *functions abroad.* Page 2

The European Commission unveiled proposals to clamp down on late settling of bills. The draft would introduce a legal right to interest payments on bills paid after a due date laid down in a contract, or after 21 days where not specified. Page 3

Vranken Monopole, maker of Charles Lafitte and Heidsieck champagne, is heading for the stock market and will move on to the second section of the Paris bourse when trading begins on April 3. Page 17

Veba, the German conglomerate, lifted annual pre-tax earnings 12.1 per cent to DM4.97bn ($2.7bn) and said it wanted to expand. Page 19

US economy grew 3.7 per cent in the fourth quarter of last year, down 0.2 per cent from estimates due to falling profits and lower than expected consumer spending, the Commerce Department said. Page 5

Sumitomo Bank, Japan's second largest, is selling its 85 per cent stake in Sumitomo Bank of California to Zions Bancorporation, a US regional bank, for $546m. Page 16

Royal Oak Mines, a US company in the FTSE Gold Mines Index, seems to have averted a financial crisis with an offer of US$124m from a Bronfman family company to help complete its Kemess mine in British Columbia. Page 18

Microsoft and CP Group, the Thai conglomerate, are teaming up to accelerate consumer access to the internet in Thailand. Page 15

Cheung Kong, Hong Kong property company and flagship of Li Ka-shing's empire, made provisions of HK$2.01bn (US$259m) but they were more than offset by an exceptional gain of HK$7.73bn. Page 16

World Equity Markets
The latest trends and data from more than 50 national markets at a glance
Page 35

Defence groups reveal joint plan

Airbus to be transformed but serious disagreements remain

By Michael Skapinker, Aerospace Correspondent

Europe's three largest aerospace and defence companies are today expected to present the UK, French and German governments with a joint plan to restructure their industry that leaves important disagreements unresolved.

The statement by British Aerospace, Aerospatiale of France and Daimler-Benz Aerospace (Dasa) of Germany will support the transformation of Airbus Industrie, the aircraft-making consortium, into a single company.

It is also expected to support the eventual creation of a larger European aerospace and defence group. But the three companies have been unable to agree on how this further consolidation should proceed.

The three companies' statement is a response to a call in December by Tony Blair, UK prime minister, French president Jacques Chirac and prime minister Lionel Jospin, and German chancellor Helmut Kohl for European defence and aerospace groups to produce plans by the end of March.

However, the governments are also at odds. While the UK government has said the companies should decide what sort of industry they want, the French administration is insisting on playing a direct role through its ownership of Aerospatiale.

Margaret Beckett, UK trade and industry secretary, said this week: "The government has no master plan that it intends to impose on industry. The challenge is for industry to tell government not only how it would like to see the sector looking in the years to come, but to come forward with a timetable for real action."

BAe and Dasa have also insisted that restructuring can only be carried out by companies that are independent of government. They have said Aerospatiale must be privatised.

However, Alain Richard, the French defence minister, this week rejected the idea that Aerospatiale's privatisation was a precondition for restructuring.

While the transformation of Airbus into a limited company is expected to go ahead next year, Dasa and BAe are frustrated at the French government's cautious approach to the restructuring of the defence industry.

Mr Richard has suggested a series of joint ventures.

However, Mrs Beckett said: "Restructuring must affect all aspects of the aerospace and defence sector. The experience of the US has taught us that all parts of the industry must be involved."

Ready for take-off, Page 2

■ **A senior US defence official warned Europe against creating a single, large weapons maker and urged greater transatlantic co-operation on arms programmes. Europe had "enormous excess capacity by having one of everything in each [European] country," said Jacques Gansler, defence undersecretary for acquisition and technology. "But I would certainly suggest you don't want to get down to one." He said he still wanted to encourage further consolidation of the US defence industry in spite of its block on Lockheed Martin's proposed acquisition of Northrop Grumman. Page 5**

RUSSIAN PRESIDENT HAILS CREATION OF 'GREATER EUROPE' DURING SUMMIT MEETING WITH KOHL AND CHIRAC

Yeltsin sees role in 'dominant' world power

By Chrystia Freeland in Bor, Russia

Russian President Boris Yeltsin hailed a summit with the leaders of France and Germany yesterday as a milestone in the creation of a "Greater Europe", which would become the world's mightiest power.

"Greater Europe, I would say, will be the dominant power," Mr Yeltsin declared, looking animated but pale as he sat between Chancellor Helmut Kohl of Germany and Jacques Chirac, France's president.

"I would say that in the whole world there is not a bigger organism than Europe with Russia."

Mr Yeltsin's impromptu musings on international relations, uttered just three days after he shook up his government, suggested that, despite a visibly fragile physical condition, he has recovered his robust political nerve.

But, like Russia's stunned ministers, the visiting Europeans seemed somewhat discomfited by Mr Yeltsin's outspokenness.

Mr Kohl, known to Mr Yeltsin as "my dear friend Helmut", seemed most at odds with the president's aggressive interpretation of the summit.

Mr Kohl took special pains to emphasise that the "big troika" was in no way an anti-American alliance, repeatedly stating that the meeting "is not intended against anyone else".

Indeed, the gathering at Bor, a village 50km south of Moscow, seemed to be an effort to reassure Russia that Paris and Bonn's embrace of central and eastern Europe through the European Union and Nato would not leave Moscow out in the cold.

"At a time when the European Union is expanding, we realise the importance of confidential relations between the leaders of the European Union states and Russia," Mr Chirac said.

The summit, which was crowded with symbolism but short on substance, was also an opportunity for the western European leaders to assess Mr Yeltsin's health and to probe his dismissal of his government on Monday.

In public at least, Mr Yeltsin remained inscrutable, offering an ambiguous appraisal of the chances that Sergei Kiriyenko, the 35-year-old acting prime minister, would be appointed permanently.

President Boris Yeltsin (centre) with French leader Jacques Chirac (left) and Germany's Helmut Kohl Picture: AP

"Maybe he will be, maybe he won't be," Mr Yeltsin said with a smile. But he dismissed speculation that Mr Kiriyenko's age would rule him out: "Before the war we had ministers who were 27, 30, 32 years old . . . age is not the determining factor."

Today, Mr Yeltsin plans to listen in on a cabinet meeting chaired by Mr Kiriyenko.

After that, the acting prime minister is scheduled to meet Grigory Yavlinsky, the head of the opposition Yabloko faction.

The summit offered few new clues about the president's physical and mental condition.

Mr Yeltsin walked stiffly and at times drifted off from questions put to him. He had to be rescued by his press secretary as he fumblingly handed a parting gift to his guests.

But for Mr Yeltsin these glitches were not unusual, and were offset by his enthusiasm, good humour and evident pleasure at again being at the centre of his nation's political intrigue.

Rolls-Royce Motors auction hots up as BMW joins bidders

By Roger Taylor and Graham Bowley

The battle for control of Rolls-Royce Motor Cars, the luxury carmaker, was stepped up yesterday when BMW, the German carmaker, put in a bid a day after its rival Volkswagen.

Vickers, the engineering group auctioning Rolls-Royce Motor Cars, has also received a bid from Kevin Morley, a former Rover director who has been working with a group of Rolls-Royce enthusiasts.

BMW has been widely seen as the favourite to buy Rolls-Royce Motor Cars because it supplies the engines for the latest model, the Silver Seraph. It has indicated that it would consider withdrawing its engines if another carmaker bought the company.

However, observers suggested yesterday that VW could turn this to its advantage by offering to source engines from Cosworth, the engine design subsidiary of Vickers.

"The decision may not just come down to price. It could be about what else the buyer has to offer Vickers," one said.

Vickers hopes any further bids will be made in the next few days. Doughty Hanson, the private equity group, is thought likely to submit an offer.

However, Germany's Daimler-Benz, which has been tracking the auction process from the start and had been planning to make an offer with Goldman Sachs, the investment bank, has pulled out.

Vickers is hoping to sell the business for between £300m and £400m although some bids are thought to be as low as £250m. The possibility of competition between the two German carmakers will bolster Vickers' hopes of getting a good price.

BMW yesterday declined to comment on the auction. It said Bernd Pischetsrieder, its chief executive, was out of the country, refusing to say where he was travelling.

One issue yet to be resolved is control of the Rolls-Royce brand name. Rolls-Royce, the aero-engine manufacturer of which the car company used to be part, drew up a contract before selling the business stating it retained rights over the name in the event of the company being bought by a foreign owner.

Vickers has appealed to the European Commission arguing this is in breach of competition rules, but has not yet received an answer.

Vickers has said it could proceed with a sale on a conditional basis if it does not get an answer in time. It hopes to complete the auction within the next two months.

WORLD MARKETS

STOCK MARKET INDICES

New York: Lunchtime		
Dow Jones Ind Av	8,834.94	(-37.85)
NASDAQ Composite	1819.98	(-4.53)
Europe and Far East		
CAC40	3783.78	(-34.93)
DAX	5039.76	(-56.86)
FTSE 100	5905.6	(-52.2)
Nikkei	16,980.62	(+322.28)
US Lunchtime RATES		
Federal Funds	5.62%	
3-mth Treas Bills: Yld	5.166%	
Long Bond	102⅞	
Yield	5.931%	
OTHER RATES		
UK: 3-mo Interbank	7⅝%	(7½%)
UK: 10 yr Gilt	109.75	(109.813)
France: 10 yr OAT	104.62	(104.65)
Germany: 10 yr Bond	106.33	(106.31)
Japan: 10 yr JGB	109.57	(110.15)
NORTH SEA OIL (Argus)		
Brent Dated	$14.925	14.925(1

GOLD

New York: Comex		
Mar	$301.7	301.7(2
London:		
	$300.95	(299.25)

EXCHANGE RATES

Dollar		
New York: Lunchtime		
£	1.6877	
DM	1.82075	
FFr	6.1010	
SFr	1.4875	
Y	128.57	
London:		
£	1.6873	(1.6763)
DM	1.8239	(1.8268)
FFr	6.1113	(6.122)
SFr	1.4885	(1.493)
Y	128.83	(128.93)
Tokyo Close		Y 129.10
Sterling		
DM	3.0763	(3.0619)

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WORLD NEWS

EUROPE

SPD anger as Greens split over Nato

By Peter Norman in Bonn

The self-inflicted wounds of Germany's environmentalist Green party deepened yesterday when its members in the Bundestag, the lower house of parliament, split over the eastward enlargement of the Atlantic alliance.

The party, which hopes to form a coalition with the opposition Social Democratic party after the September 27 general election, was sharply criticised by all other mainstream parties when Green MPs were unable to unite in a parliamentary vote to approve Nato membership for the Czech Republic, Hungary and Poland.

The rupture came on top of an erosion in the party's popular support because of plans to triple the price of petrol in 10 years and a hugely unpopular proposal to make foreign holidays prohibitively expensive. It has introduced a new element of uncertainty into German politics in this election year.

The Green stance on Nato triggered a sharp rebuke from Gerhard Schröder, the SPD's candidate for chancellor, who earlier this week branded his putative partner as "unfit to govern". Aware that declining Green support could offset SPD gains, Mr Schröder said there would be no Greens in his cabinet if they rejected Nato's eastward expansion or demanded that Germany quit the alliance.

"The radical-pacifist wing of the Greens can expect to play no role in a government of mine," Mr Schröder told Bild newspaper. "Nonsense will not become government policy. And the SPD will not be held liable for Green party congress decisions."

Yesterday, as the Bundestag approved Nato's eastward expansion by 554 votes to 37, with 30 abstentions, the Greens were divided and isolated from the German political mainstream.

Fourteen Green MPs, including Joschka Fischer, the party leader in the Bundestag, voted for enlargement and 25 abstained. Six voted against, joining 28 members of the Party of Democratic Socialism, the former east German communist party.

The Greens' internal crisis began early this month when their party congress met in Magdeburg to decide the general election platform. "Fundis", or pacifist leftwing delegates, secured majority support for a gasoline price of DM5 ($2.70) a litre in 10 years' time, voted against the continued deployment of German forces in Bosnia and adopted a stance hostile to Nato.

The Magdeburg meeting reopened old divisions between the Fundis and the party's "Realo" or pragmatic wing. The Greens subsequently lost support in last Sunday's municipal elections in the northern state of Schleswig-Holstein and have seen their backing in opinion polls drop from 11 per cent to around 7 per cent.

Joschka Fischer: outvoted in his party on Nato enlargement

Police to look into Irish bank case

By John Murray Brown in Dublin

The Central Bank of Ireland is to investigate irregularities at National Irish Bank, the country's fourth largest bank, as the government seeks to limit the political fallout from allegations that the bank overcharged its customers.

The move follows revelations by Radio Telefis Eireann, the state broadcaster. Bertie Ahern, the prime minister, told parliament yesterday that the police fraud squad had been told to look into alleged excess charges made by NIB in four branches in the late 1980s and early 1990s.

Economists say the affair may threaten the good name of the Irish financial sector as the country prepares to enter the European single currency. They say it raises questions about the regulatory controls of the Central Bank.

NIB said the incidents "go back many years and do not reflect current policies or practices of the bank". It promised to reimburse customers for the amounts due. However, the bank complained that "RTE has again allowed itself to be used by disaffected parties to promote out-of-date information about the bank in a manner designed to inflict maximum damage on the bank".

After a meeting between Maurice O'Connell, the Central Bank governor, and Alex Spain, the NIB chairman, the Central Bank said NIB had undertaken to deal "promptly and openly with all aspects of the matter".

The Central Bank said it had been in contact with National Australia Bank, NIB's parent, and welcomed its "categorical assurance that there was no need to be concerned whatever in relation to the safety of NIB deposits". The Central Bank yesterday requested RTE to submit all the material it has gathered on the bank.

Mary Harney, the deputy prime minister, said she would seek High Court approval to appoint an inspector. Ms Harney said the claims represented "the most alarming allegations ever made against a bank here". However, officials have not revealed the scope of the alleged incidents.

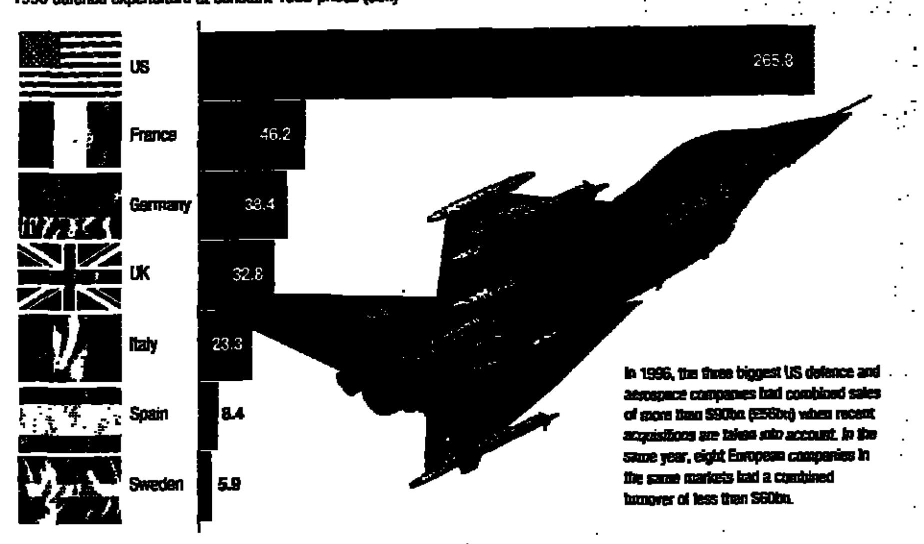
Last week, NIB failed to win an injunction in Dublin's Supreme Court to stop further RTE reporting on the matter.

Europe ready for take-off – but without a flight plan

Aerospace and defence contractors agree on need for restructuring, but that is where it stops, writes **Michael Skapinker**

Supply and command

1996 defence expenditure at constant 1995 prices ($bn)



Source: International Institute for Strategic Studies

Europe's three leading aerospace and defence companies are expected today to tell their governments how they plan to take on US giants such as Boeing and Lockheed Martin.

By meeting the UK, French and German governments' demands for such a plan by the end of this month, British Aerospace, Aerospatiale of France and Daimler-Benz Aerospace (Dasa) of Germany hope to indicate how seriously they take the need for restructuring.

But whatever stirring words their joint statement contains, it is unlikely to hide how deeply divided they are.

The three do not disagree about everything. They all accept that Airbus Industrie, the aircraft making consortium they own, should become a single company rather than a confederation of independent manufacturers. They are also likely to say that they regard the reform of Airbus as just the first step towards the creation of a single European aerospace and defence company, manufacturing everything from aircraft to rocket launchers.

But the statement is likely to be short of details on how they get there, because the three companies disagree on this. On one side are the British and the Germans, who want to see rapid progress towards consolidation by privately owned companies. On the other are the French, who want to see restructuring proceeding in smaller steps, through a series of joint ventures, with the government in Paris retaining a guiding role.

In an attempt to overcome such differences, Tony Blair, the UK prime minister, French President Jacques Chirac, Lionel Jospin, the French prime minister, and Chancellor Helmut Kohl of Germany issued their joint demand last December that Europe's aerospace companies explain how they planned to restructure the industry.

The pressure for consolidation came from across the Atlantic. In 1993, Les Aspin, the then US defence secretary, invited the chief executives of the country's biggest aerospace and defence companies to what became known as "the last supper". He told them they could not all survive. A series of takeovers and mergers since then has produced three dominant defence groups: Boeing, Lockheed Martin and Raytheon.

The US government this week demonstrated that there are limits to consolidation by taking legal action to prevent the $9bn merger of Lockheed Martin and Northrop Grumman. But the rationalisation of the US industry has already gone much further than anything contemplated in Europe. Germany, the UK, France, Sweden, Italy and Spain have a combined defence budget less than half that of the US – and three times as many defence contractors.

The area of greatest European achievement has been in the making of large civil jets. Even as a confederation of companies, Airbus is a success, challenging Boeing for the title of the world's leading aircraft maker.

This week, Airbus confirmed an order for up to 179 narrow bodied jets from airlines in Latin America – traditionally Boeing's backyard. At the same time, Boeing revealed that it was still struggling to correct the production problems which brought its Seattle assembly lines to a halt for a month last year.

For all its success, Airbus's owners – Aerospatiale, Dasa, BAe and Casa of Spain – agreed that it needed to become a limited company by next year, allowing a single management to cut costs and deliver improved customer service.

But, even here, differences have emerged. BAe and Dasa, which are privately-owned, have said that the new Airbus – and the wider European restructuring – can only succeed if the state-controlled Aerospatiale is privatised. BAe and Dasa have said that it would be intolerable for one partner to have to seek government approval for commercial decisions.

Manfred Bischoff, Dasa's chief executive, said this month that while state ownership could be accepted for a transitional period, "the concept of government shares in the united aerospace industry must be ruled out".

Alain Richard, the French defence minister, hit back this week, saying in an interview with Les Echos, the French daily, that the privatisation of Aerospatiale could not be a precondition for restructuring the European industry.

The danger for the French is that BAe and Dasa might proceed with closer co-operation without them – or that either or both might look to the US for new partners. Last year, BAe agreed to work with Lockheed Martin on the US Joint Strike Fighter aircraft programme.

As Margaret Beckett, the UK trade and industry secretary, warned this week: "The process of consolidation will not stop at Europe's borders. I recognise some companies have found transatlantic alliances to be more important than European ones. We are not seeking to overturn such choices."

Ericsson HQ may quit Sweden this year

By Greg McIvor in Stockholm

Threats by several large Swedish companies to move operations outside Sweden in protest at high taxes intensified yesterday when the telecommunications group Ericsson indicated it could soon decide to shift head office functions abroad.

The disenchantment of Sweden's largest company rose to the top of the political agenda as Lars Ramqvist, its chief executive, appeared before parliament's industry committee. He told the cross-party committee Ericsson might announce before September's general election whether it would move some headquarters functions from Stockholm.

His appearance before the committee reflected growing unease in the ruling Social Democratic party over the political impact of any decision by Ericsson to reduce its presence in Sweden.

The company disclosed last week it was looking at properties in London, which has emerged as the most likely relocation site. Ericsson has 45,000 of its 101,000 global workforce in Sweden and is the country's biggest private sector employer.

Ericsson and the pharmaceuticals company Astra are among several groups which have voiced concern over the impact of Sweden's high personal taxes on their ability to attract managers from abroad and to retain research and development staff.

Average basic rate income tax rate is 31.7 per cent. People earning more than SKr209,100 ($26,400) pay higher rate tax, up to a maximum of 59 per cent.

Sweden has the second highest tax burden in countries of the Organisation for Economic Co-operation and Development, behind Denmark. Total tax revenue amounted to 49.7 per cent of gross domestic product in 1995, compared with an OECD average of 37.4 per cent.

Mr Ramqvist said the tax burden was "far too high, especially for people on lower incomes".

A recent survey by a state-funded watchdog revealed that one-fifth of the chief executives of Sweden's 500 largest quoted groups thought their companies would move headquarters abroad within five years.

The finance ministry is expected next month to unveil a new system of tax breaks for foreign expatriates. But industry observers say it is doubtful the scheme will placate companies.

Astra's chief executive said this week the proposed system would discriminate between Swedish and foreign staff. This would undermine morale. He indicated the company would continue to consider shifting large parts of its research and development operations overseas.

CYPRUS CRISIS TURKISH LEADER PLAYS THE ANNAN CARD

Denktash in the last chance saloon

By David Buchan, Diplomatic Editor

Rauf Denktash, the Turkish Cypriot leader, will tomorrow play one of his last diplomatic cards to try to halt the start of next Tuesday's membership talks between the Greek Cypriot-led government of Cyprus and the European Union.

But Mr Denktash's card – a rare foray out of northern Cyprus to see Kofi Annan, the United Nations Secretary-General, in Geneva – is scarcely a trump.

Mr Denktash wants the UN Security Council to rule that Cyprus cannot negotiate entry into the EU until Greeks and Turks on the island reach a settlement. But UN officials say there is no chance that Mr Annan will be able to give him satisfaction, and that he is holding the Geneva meeting mainly because Mr Denktash has been clamouring to see him since January.

Mr Denktash bases his appeal on an outline draft agreement, produced by UN negotiators in 1992 and known as the "set of ideas", which states that Cyprus's accession to the EU would have to be approved in separate Greek and Turkish referendums.

UN officials point out that the set of ideas was never fully endorsed by either side and that the referendums proposal applied to the end, not the start, of EU negotiations. Above all, Britain and France would use their Security Council vetoes to prevent the council from pronouncing on EU business.

Privately, Mr Denktash acknowledged that the Security Council, which outlawed the 1983 proclamation of his "Turkish Republic of Northern Cyprus", is stacked against him. But he is intent on using anything, such as a formal meeting, on foreign soil with the secretary-general, to get recognition for his state, and on making life hard for everyone, including his own people, until he gets recognition.

In their latest squeeze on intercommunal contacts, the Turkish Cypriot authorities yesterday stopped four Turkish Cypriot women from joining seven others in London for a EU-sponsored ice-breaking session with Greek Cypriot women. The four were told that as public sector employees they needed official permission to go and had failed to ask for it.

Working against Mr Denktash is the balance of sentiment within the EU. Most member states worry deeply about taking only the Greek Cypriot part of Cyprus into the EU. Many have appointed special Cyprus envoys who visit the island – the Swedish envoy last week, the German this week – to no avail.

But the majority of EU states are hoping that a settlement will turn up before accession. Only France has spoken out for restraining EU accession talks if the two communities do not resume UN-sponsored negotiations.

Tension continues to rise between Turkey and Greece over the Greek Cypriot government's plan to deploy Russian anti-aircraft missiles in September, unless Turkey agrees to demilitarisation of Cyprus or Mr Denktash drops his recent boycott of UN talks on a settlement.

Turkey this week reiterated its threat of a possible strike against the missiles. In the face of this, Greece has again proposed to the US a formal no-fly zone over Cyprus which Nato would enforce.

Washington is calling instead for informal self-restraint by Greek and Turkish air forces around Cyprus. Nato officials in Brussels discounted any enforcement of a no-fly zone, but noted that alliance command reforms would soon improve monitoring of east Mediterranean airspace and could therefore build confidence.

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NEWS DIGEST

SPD CHIEF WARNS OVER EMU

Schröder says euro would cost jobs in short term

Gerhard Schröder, chancellor candidate of Germany's opposition Social Democratic party (SPD), warned yesterday that the euro – the planned European single currency – would cost jobs in the short term. He defined the SPD's task as limiting the risks arising from Europe's "over-hasty" economic and monetary union (Emu).

While making no secret of his long-held doubts about the single currency, Mr Schröder told Bild, the mass circulation daily, that the euro would be irreversible by Germany's general election on September 27. To make it a success, there would have to be rapid agreement on comparable standards in tax, social and environmental policies among Emu member states. Otherwise they would be competing to set the lowest wages and the worst social standards, he said.

Mr Schröder used a celebrated phrase of Helmut Kohl, who once promised prosperity in eastern Germany after unification, to mock the chancellor. The euro would produce no "flourishing landscapes", he said.

His remarks triggered a vitriolic response from Peter Hintze, general secretary of Mr Kohl's Christian Democratic Union, who declared that Mr Schröder's "scaremongering showed he was too small" for the chancellor's job. **Peter Norman, Bonn**

LITHUANIAN POLITICS

Cabinet list approved

Lithuania's new president, Valdas Adamkus, has confirmed the revised cabinet list of the Conservative prime minister, Gediminas Vagnorius. The ruling Conservative/Christian Democrat coalition retains a majority in the new cabinet.

Mr Vagnorius's administration will continue to pursue the reform agenda on which it was elected in autumn 1996, and prominent members of the original cabinet retain their portfolios, including the economy and foreign ministers.

It was, however, agreed in negotiations that the communications ministry and the ministry of construction and urban development would be eliminated as part of Mr Adamkus's drive to streamline government.

During his recent presidential election campaign, Mr Adamkus pledged to cut down Lithuania's sprawling bureaucracy by reducing the number of ministries from 17 to 12. **Matej Vipotnik**

MILK QUOTAS

Italy, Spain face action

The European Commission is stepping up legal action against Italy and Spain over their failure to collect fines from farmers producing too much milk.

The European Union's executive is not satisfied with their response to infringement letters sent to them in January. It said yesterday it was issuing reasoned opinions against them, the second stage of legal proceedings, in a move which could result in the countries being taken to the European Court.

The Commission's action may inflame the controversy in Italy over the operation of the quota system restricting milk output. Farmers blame the government for their over-production, saying authorities have been vague about how much each farm should produce. They have protested in recent months about the government's apparent decision to make them pay over-production fines.

The Commission appears unconvinced about the government's actions. It said yesterday its main concern was to recoup a so-called "superlevy", which is a fine imposed on farmers producing over their quota. In Spain, the Commission said, the superlevy paid by producers was still less than 1 per cent of the amounts due for 1995-97. **Michael Smith, Brussels**

IBERIA DISPUTE

Pilots call off strike

Iberia pilots have called off strike action due to start today, the first of 39 planned 12-hour daily stoppages at peak weekend periods over the next four months. The stoppages would have severely jeopardised the Spanish government's bid to privatise its national carrier later this year.

The dispute centred on Iberia's plans to hire lower paid crews and aircraft from a rival airline, Air Europa, in order to meet increasing passenger demand.

In a last-minute settlement, Iberia's management agreed to offer job contracts for up to 122 Air Europa pilots and the pilots accepted that, as an interim measure, up to 8 per cent of Iberia's routes could be flown by contracted crews and aircraft under the so-called wet-lease formula.

Air Europa's pilots will join Iberia over four years, starting next year, as the carrier receives additional aircraft that have been ordered to expand its fleet.

The government is currently negotiating the sale of minority stakes in Iberia to British Airways and American Airlines as part of the carrier's privatisation. **Tom Burns, Madrid**

CZECH DEADLOCK

Elections likely in June

The Czech Republic is poised to hold elections on June 19-20 to try to end the political deadlock since Vaclav Klaus resigned as prime minister in November. President Vaclav Havel yesterday signed into law a constitutional amendment that cuts the term of the lower house to two years. He has indicated that he is likely to call the poll for June 19-20.

Mr Havel had at first opposed early elections, which were not envisaged by the constitution, but the political parties have been unable to form a new coalition. At the start of this year the president installed Josef Tosovsky, the central bank governor, as prime minister of a caretaker government, and parliament began discussing how to bring the elections forward.

It is unclear whether elections will end the deadlock. The Social Democrats (CSSD), which are at about 30 per cent in opinion polls, are unlikely to form a stable government, even with the support of the Christian Democrats from the old minority centre-right coalition. The CSSD has also been rocked in recent weeks by allegations that it was prepared to offer Swiss-Czech businessmen influence over economic policy in return for donations. Milos Zeman, the party's leader, has said the allegations are designed to discredit his party before the elections.
Robert Anderson, Prague

HUNGARIAN ACQUISITIONS

Consolidation on the rise

The volume of private corporate acquisitions and venture capital deals in Hungary is rising and is likely to accelerate as many sectors begin to consolidate, according to a Coopers & Lybrand report released yesterday.

The report shows the number of publicly disclosed deals rose from 70 in 1996 to 109 last year, while the average value of transactions increased from $2.6m to $9.1m.

However, with many deals not reported, the total number is considerably higher, and in a majority of cases the price remains undisclosed.

Financial services, food processing and the transport sectors have seen the most activity, but further consolidation in these and other sectors is expected as companies recognise their needs for capital and know-how in order to compete, the report notes.
Kester Eddy, Budapest

Serb leaders scorn threat of sanctions

By Guy Dinmore in Belgrade

Yugoslav leaders yesterday dismissed US and British-led threats of further sanctions in response to Serbia's conflict with the ethnic Albanian majority in the southern province of Kosovo.

Western diplomats in Kosovo rejected claims by Belgrade that special Serbian police units had been withdrawn and said it appeared they were preparing for another offensive on remote villages in the central Drenica region.

Mira Markovic, the influential wife of President Slobodan Milosevic, launched a tirade against "evil" foreign powers and "enemies within".

In a speech reflecting the political turmoil in Yugoslavia, Mrs Markovic attacked the independent media, "rightwing infiltrators" of the left, "corrupt and manipulated intellectuals" and the country's youth.

She also accused the pro-western leadership in the small republic of Montenegro, which together with Serbia makes up Yugoslavia, of coming to power by rigging elections last year and plotting secession.

Mrs Markovic heads the Yugoslav United Left, a small but powerful leftwing alliance of industrial bosses and ideologues in a governing coalition with her husband's Socialist party that was joined this week by the ultra-nationalist Radicals.

Zivadin Jovanovic, the Yugoslav foreign minister, rejected a demand by the six-nation Contact Group for outside involvement in negotiations with the ethnic Albanian leadership. He said Kosovo was an internal matter and that Belgrade would not allow any special envoy to be involved.

State television, the sole source of information for many Serbs, ignored the threat of further international sanctions and stressed what it said were differences within the Contact Group.

Diplomats said Belgrade's response was posturing ahead of what are expected to be tough negotiations with the ethnic Albanian leadership, which demands independence for Kosovo.

Meeting in Bonn on Wednesday, the foreign ministers of the US, Russia, Britain, France, Germany and Italy gave Mr Milosevic another four weeks to meet their demands – including a start to genuine dialogue – or face further sanctions. The Contact Group urged Belgrade to grant Kosovo substantial autonomy.

"Time is not on the side of this government," Robert Gelbard, the US troubleshooter in the Balkans, told Mr Zivanovic in Belgrade. He then travelled to Kosovo where he said he was "tremendously concerned" by the crisis.

Ukrainian elections likely to spin out web of political intrigue

The government seems prepared to risk irking international creditors as it tries to fend off leftwing gains and the possibility of awkward coalitions, writes **Charles Clover**

The future of economic reform and the delicate power balance between President Leonid Kuchma and the leftist-dominated legislature will be at stake on Sunday when Ukrainians go to the polls to elect a new parliament.

Ukraine's transformation of its Soviet-era command economy has been sluggish at best since independence was gained in 1991. Now time is running out.

Western donor countries, including the US, threatened this month to cut off aid over Ukraine's treatment of foreign investors. The IMF and World Bank suspended loan programmes because of Ukraine's failure to implement reforms such as tax cuts, budget cuts and privatisation – failures largely down to the legislature.

The outgoing parliament, elected in 1994, is dominated by 112 leftwingers led by the parliamentary speaker, Oleksandr Moroz, and made up of Communists and the Socialist/Peasant bloc. They have been the main obstacle to Mr Kuchma's proposed reforms. The next parliament looks likely to be more leftwing than the previous one.

The threat of a leftwing landslide is being taken seriously by the government, which seems prepared to risk frustrating its international creditors in order to score points with voters.

Between March 1 and March 24 the amount of currency in circulation in Ukraine increased dramatically, in contrast to a decline in January and February.

The extra money is being used to pay more than 1bn hryvnia ($490m) in wage and pension arrears owed by the government. This virtually ensures Ukraine will not meet a budget deficit target of 220m hryvnia for the month of March, which is necessary to put Ukraine back on track with the IMF.

But the spending is expected to shore up the battered Popular Democratic party, which is made up almost entirely of government bureaucrats, led by Valery Pustovoitenko, Ukraine's prime minister, and backed by Mr Kuchma.

Despite the "red tide" hysteria in government circles and among foreign investors, the danger to the government is not to be measured in the number of communist and socialist deputies, but in their ability to form a coalition with the centre after the elections.

Analysts say that no single faction, even the far left, looks likely to achieve the 226 out of 450 votes necessary to pass or veto legislation, let alone the feared 300-vote threshold required to change the constitution or impeach the president.

But a coalition of leftwing and centrist parties could gather that many votes. Such a coalition, including nationalists, centrists and leftists, banded together last summer to pass a new election law, which should ensure that, as large well-organised parties, they will do better in Sunday's election.

Largely because of this law, polls suggest the Communists and the Socialist/Peasant bloc will gain several seats. But so will the non-leftist opposition, which joined the left to ram the election law through. This includes Rukh, Ukraine's nationalist party; Hromada (Community), an opposition party of the former prime minister Pavlo Lazarenko; and the Social Democratic Party, a centrist party which is a partnership of Leonid Kravchuk, the former president, and Yevhen Marchuk, the former prime minister. There is a possibility that these forces, if strengthened by the election results, could reconsider their previous brief alliance, posing a danger to Mr Kuchma and executive power in general.

But to form a longer-term coalition with the far left, these parties will have to find more common ground than opposition to Mr Kuchma. This may be difficult, given the likely legislative agendas of many of the new parliamentarians.

For a start, the most frequent occupation listed on registration forms for parliamentary candidates this year was that of "businessman/entrepreneur". Corporate interests dominate most political parties.

On the list of the Social Democrats, for example, sits Hrihory Surkis, president of the largest oil trading company in Ukraine, Slavutish. Yulia Timoshenko, founder of Hromada, is president of United Energy Systems, a gas trading company which in 1996 had turnover of more than $1bn. These corporate interests are interested in changing Ukraine's laws to make them more friendly to business. They want taxes lowered from rates that in some cases now touch 90 per cent. In addition, they want to cut the budget and speed up privatisation.

That is likely to put them at odds with the far left. At the same time, however, they have a strong interest in allying against Mr Kuchma, in order to weaken him ahead of the presidential elections in 1999. Mr Lazarenko, Mr Marchuk and Mr Moroz will in all likelihood be running.

All these competing imperatives make it likely Ukraine's parliamentary elections will start a new round of intrigues. "The parliamentary election campaigns will end March 29, and the presidential campaigns will start March 30," said a western diplomat.

Centre-left Working Ukraine movement supporters Picture Reuters

Brussels drafts rules to stop late payments

By Emma Tucker in Brussels

European Union-wide proposals to clamp down on companies that habitually settle bills late were unveiled yesterday by the European Commission.

The draft rules introduce for the first time across all member states a legal right to interest on payments that exceed the due date laid down in a contract, or where not specified by 21 days.

Christos Papoutsis, the commissioner for enterprise policy, said late payments were responsible for a quarter of all insolvencies in the EU. "It is an unacceptable situation, especially when we are trying to help our small and medium-sized enterprises [SMEs] to maximise their potential to create jobs which are badly needed in Europe."

SME organisations were optimistic that member states, many of which do not have legislation to prevent late payments, would give the proposals the qualified majority backing required for them to become law.

"We are absolutely delighted that the Commission has finally got this together," said Garry Parker of Ueapme, the European Association of Craft, Small and Medium-Sized Enterprises. He criticised member states for failing to act on a non-legislative Commission recommendation three years ago, and said it was not surprising that Brussels decided to press ahead with a directive. "Why should businesses suffer and go into bankruptcy just because governments are too lazy to get their acts together and give us some good legislation?" he said.

As well as providing for interest on outstanding bills, the proposed directive also introduces compensation for any further damage caused by late payment. For the public sector, the due date for the payment of contractual debts will not be allowed to exceed 60 days.

The level of interest for late payment will be set at the tender rate of the European Central Bank plus at least 8 percentage points. But member states will be free to set higher rates. For countries outside the single currency zone, the reference rate will be the equivalent set by their central bank.

According to Ueapme, Scandinavian countries are already very efficient at settling late payment problems while the situation is worst in Portugal.

Paris signal on pension reforms

By Andrew Jack in Paris

France's social affairs minister yesterday indicated her desire to slow down reforms to the pensions system in an effort to build broader consensus around the need for change.

In a speech read out in her absence to the annual French parliamentary conference on social protection, Martine Aubry called for a new round of discussions and education about retirement funding. She argued that to "force" reforms - as the previous centre-right government attempted in 1995 – would only delay them.

Claude Evin, a former Socialist social affairs minister, who chaired the conference, indicated his hostility to new pension funds, arguing there were sufficient products already available to those seeking long-term savings designed to prepare them for retirement.

Their views appeared to contradict recent indications from Dominique Strauss-Kahn, finance minister, that a new set of proposals on the creation of complementary pension funds could be expected in coming months.

The previous centre-right government, defeated last year, passed legislation that would have created a system of complementary pension funds to be invested in equities. But the decree to bring it into effect was never published.

Several speakers at the conference highlighted the relative lack of progress since a report published in 1991 under the then Socialist prime minister, Michel Rocard, warned of rising costs and the growing danger of inadequate funding for the existing state retirement system.

Ms Aubry acknowledged that the system faced "a major demographic shock" from 2005. Increasing longevity and falling fertility meant that by 2040 there would be just 1.5 people working to fund every person aged over 60, compared with 2.8 now.

Japan's LDP reverts to 'bad old ways'

By Michiyo Nakamoto in Tokyo

Japanese taxpayers have long accepted that "politics is roads and roads are politics", as Noboru Takeshita, a former prime minister, once commented.

So, as details of the latest economic stimulus package emerged yesterday, the government's decision to spend more public money on roads and bridges merely confirmed a growing suspicion for most Japanese that, in spite of all the talk about the need for small government and structural reform, nothing has changed.

There was little doubt that the ruling Liberal Democratic party (LDP) was back to its "bad old ways" of parcelling out the pork.

The bulk of yesterday's package will be conventional public works spending to be concentrated in the first half of the fiscal year, beginning in April.

That is despite the fact that even government officials acknowledge that pouring money into ever more roads and bridges will not have the kind of stimulative impact on economic activity that Japan desperately needs.

The problem is that, unlike in the past when public money went towards building roads and bridges that were actually needed, public infrastructure spending in the past decade or so has been widely criticised as useless, if not harmful to the environment.

When Japan was undergoing rapid economic growth to catch up with the industrialised world, a road that cost Y1,000bn, for example, might have generated economic activity worth Y1,400bn, pointed out Takayoshi Igarashi, professor of law at Hosei University. "But the roads that are being built today are used only by badgers."

The Seikan tunnel, which runs under the sea between

'The time has ended for channelling funds collected by post offices and pension plans into the construction of more roads'

Aomori on the northern tip of the main Japanese island and Hokkaido, the northern island, will cost an estimated Y50bn ($391m) over the next 10 years in maintenance fees alone.

But the tunnel – which was conceived 52 years ago, cost Y700bn and took 23 years to build – has seen the amount of users dwindle to nearly half the original number as more people fly across the channel.

The problem is not just confined to roads. In the northern port city of Sakata, in Yamagata prefecture, Y7.7bn in public funds is being spent to build one of the largest berths in the country, capable of accommodating ships in excess of 50,000 tonnes. The plan is for Sakata to open its port to international trade.

However, "there is no possibility that a ship of that size will come into Sakata port," claimed one former vice minister in the Construction Ministry.

In spite of the growing number of equally questionable projects, Japan continues to spend more on public infrastructure than any other industrialised country.

According to the Finance Ministry, government fixed capital formation amounted to 6.6 per cent of gross domestic product and 41 per cent of government expenditure in 1994. This is three times higher than in the US and Britain.

"The time has ended for channelling funds collected by post offices and pension plans into the construction of more roads," Eisuke Sakakibara, vice minister of international affairs at the Finance Ministry, noted in a recent article.

"Public halls have already been built all across Japan. The next step is to find orchestras to play in them," he wrote.

But as the latest package demonstrates, it is doubtful whether this dependence on public works can be reduced soon. Prof Igarashi likened it to a drug that politicians, bureaucrats and the construction industry are addicted to.

The ability to provide jobs for the construction industry in the current recession is crucial for the LDP to win votes in forthcoming elections to the upper house of parliament. With more than 6m workers employed in the sector, it is a powerful lobby.

As income tax cuts do not create jobs, Japanese leaders are likely to heed Mr Takeshita's judicious advice for some time to come.

'Mr Copper' jailed for eight years

Yasuo Hamanaka is sentenced in a Tokyo court on charges of fraud and forgery

By Paul Abrahams in Tokyo

Yasuo Hamanaka, the former metals trader whose unauthorised deals cost Sumitomo Corporation $2.6bn, was sentenced to eight years' imprisonment yesterday.

Hamanaka, known as "Mr Copper" because of his ability to control the international copper market, had pleaded guilty to charges of fraud and forgery.

The Tokyo District court judge said Hamanaka had swindled Sumitomo, his employer, in "an act of extreme betrayal", but argued the company was also at fault for lax supervision and an obsession with profits.

"Putting too much emphasis on profit, it lacked a sense of crisis management," the judge said.

He also chastised the company for lacking a crisis-prevention policy and noted that Hamanaka had received a president's award for his apparently fine performance at the company.

But, at the height of the crisis, the huge losses appeared to threaten the future of Sumitomo.

Hamanaka, the 50-year-old former head of non-ferrous metals at Sumitomo, carried out unauthorised trading over a period of 11 years after 1985. Although he used some of the proceeds to fund a lavish lifestyle, he claimed the motivation for the off-balance-sheet trades was to recover losses for his company.

The judge agreed that Hamanaka's illegal activities were mostly to hide losses and to maintain his personal reputation within Sumitomo. He was regarded as the world's most influential copper trader and both revered and feared on the London Metal Exchange, where he did much of his trading.

The sentencing brings to a close the Japanese criminal investigation into the fraud, which became public in June 1996.

The two charges related only to $770m defrauded from a Hong Kong subsidiary of Sumitomo to fund his huge trades and cover losses, and not to Hamanaka's influence over international copper prices for more than a decade.

However, Kenji Miyahara, Sumitomo's president, said the company remained committed to taking additional action against Hamanaka with the object of retrieving some of the funds lost.

Last month Sumitomo claimed damages amounting to Y736m ($5.6m) against Hamanaka, his former superior Saburo Shimizu, and Scat, a company set up by Mr Shimizu. The group alleges that money was sent to an account held by Scat with Brandeis, a UK-based brokerage.

Investigators in the UK and US are still trying to unravel how Hamanaka managed to manipulate the price of copper on international markets.

He is believed to have done so by using derivatives and through his control of physical stockpiles of the metal.

Sumitomo is being sued in the US for allegedly manipulating the prices of copper futures contracts, together with Hamanaka, Merrill Lynch, Morgan Stanley, and Global Minerals and Metals. Sumitomo denies its management was involved in any dubious trading.

Hamanaka's lawyers said he was considering appealing against the sentence, which was less than the 10 years demanded by prosecutors.

Manila set to reduce borrowing

By Justin Marozzi in Manila

The Philippines may scale down its $3bn foreign exchange borrowing programme this year, following recent capital inflows and the stabilisation of the peso, the central bank said yesterday.

Gabriel Singson, central bank governor, said he would decide by the end of May whether to launch a $1.5bn bond issue.

A $150m-$250m europeso float was also in question, he said.

The central bank announced the $3bn borrowing package – designed to boost dwindling foreign exchange reserves – last month, but the peso has since strengthened steadily against the dollar with the return of investor confidence.

Yesterday, the currency ended a nine-day rise to close slightly weaker at 37.79 pesos to the dollar.

Mr Singson's comments, which will bolster efforts to differentiate the country from worse-hit neighbours such as Indonesia, came as figures showed the Philippines' total outstanding foreign debt had risen 8.4 per cent from $41.9bn at the end of 1996 to $45.4bn a year later.

The latest figure, however, represents a slight decline from the debt position in September, which stood at $46.2bn.

As a percentage of exports, the debt service burden improved from 12.5 per cent to 11.3 per cent, following another robust performance by exports.

Although public sector debt shrank to $26.96bn, private sector debt rose 27 per cent to $18.47bn. Short-term debt was flat at $8.4bn.

Matthew Sutherland, head of research at Paribas Asia Equity in Manila, said the wave of investor optimism over Asia could be misplaced as many of the worst consequences of the crisis – such as rising inflation and fresh bankruptcies – had yet to manifest themselves. The Philippines looked relatively healthy, but the risk of further contagion from other Asian economies had not disappeared, he said.

Mr Singson also announced the approval of a one-year scheme to use local currencies in trade with Malaysia, the country's first such agreement, which is intended to lower demand for dollars and stabilise regional currencies.

European leaders eager to dispel Asian resentment

Asia-Europe meeting in London next week will be overshadowed by fallout from regional crisis, writes **Peter Montagnon**

When European and Asian leaders last met two years ago, in Bangkok, John Major, then UK prime minister, spent most of the time dealing with the Northern Ireland crisis, while Germany's Helmut Kohl struggled to convince a sceptical public that agreement on increased student exchanges was worth such a long journey.

At their second Asia-Europe meeting in London next week, the 15 European and 10 Asian leaders will have little doubt about what to discuss. The economic and currency crisis which has ravaged Asia for more than six months will be top of the agenda.

In the background is simmering resentment in parts of Asia that Europe has shown little concern about the crisis, leaving it up to the US to do all the international running in attempts to sort it out.

The centrepiece of European Union efforts to rebut this charge will be a robust statement of determination to keep Europe's markets open to Asian exports, as well as the launch of a trust fund, managed by the World Bank, to help pay for the expertise needed to reform Asia's troubled banks.

Whether this will be sufficient to produce the afterglow of achievement and goodwill for which Tony Blair, UK prime minister and the meeting's host, is clearly hoping is moot, however. Mahathir Mohamad, Malaysia's prime minister, said he was "not that optimistic" the meeting would yield positive decisions.

Last month, Lee Kuan Yew, Singapore's senior minister, complained that Europe had been backward in helping out in the economic crisis. If the EU really wanted to play a more important global role it should be more assertive in becoming involved, he said.

In reply, European officials say the perception of indifference is misguided. Europe has to be concerned about Asia, they say, as it takes nearly a quarter of its exports. Collectively, its banks are more exposed to the region that those of either Japan or the US.

"One of Europe's top priorities is to bring back stability and confidence to the Asian financial markets," said Derek Fatchett, UK Foreign Office minister responsible for the region, who has assumed the role of Mr Blair's special envoy.

Yet Europe's insistence that the International Monetary Fund, which is dominated by the US, remains at the centre of the rescue effort means there is little it can put on the table by way of special initiatives.

Asian officials have welcomed the trust fund, which is modelled on the successful UK Know-How fund for eastern Europe. But there have been internal European disagreements over other gestures, such as the possible appointment of Alexandre Lamfalussy, a respected former central banker, as a special financial envoy to Asia to match the clout of Larry Summers, deputy US Treasury secretary.

Europe has also politely resisted Singapore's proposal for a $20bn multilateral credit facility to help Indonesia pay for essential imports. Instead, officials refer to existing commitments, made under the aegis of a Group of Seven leading industrial country initiative, to keep export credit cover open.

Some money is flowing, although only on a case-by-case basis. Italy's Mediobanca this week signed a $100m export credit facility with Industrial Finance Corporation of Thailand, but Indonesian companies are still struggling for lack of imported components and working capital.

Equally, a statement on protectionism has proved difficult to draft. There is a risk that a pledge to keep European markets open may ring hollow when European shipbuilders are already calling on the IMF to make its support to South Korea dependent on action to close shipyard capacity there.

For their part, European leaders want Asia to commit itself to continued liberalisation in areas such as financial services.

In a sign that some Asian leaders have other things on their minds, a few are not coming. Presidents Suharto of Indonesia and Fidel Ramos of the Philippines are staying away, while China will be represented by Zhu Rongji, its newly appointed prime minister, rather than by President Jiang Zemin.

Still, bilateral issues may yet turn out to be more eye-catching than the main meeting.

This is an early chance for Kim Dae-jung, the newly inaugurated president of South Korea, and B.J. Habibie, Indonesia's new vice-president, to cut a dash on the international stage.

The meeting will also provide an occasion for the first EU-China summit, which is expected to become a regular event. Beijing hopes for support for its application to join the World Trade Organisation following its promise not to make the Asian crisis worse by devaluing its currency. But Europe is likely to maintain pressure for specific reforms, especially financial market liberalisation.

In the end the main summit's statement on trade may be the best yardstick of its success. One suggestion from Tommy Koh, Singapore's ambassador at large, is that it should conclude with a joint European and Asian call for the launch of a new world trade round.

A push for multilateralism would make sense in the context of a joint desire to offset the US tendency towards a bilateral approach to trade issues.

It would also be timely ahead of the 50th anniversary celebration in May of the General Agreement on Tariffs and Trade, which is now the World Trade Organisation.

The subject will be discussed, European officials say, but they are uncertain of the outcome as many countries disagree.

Staying away: Indonesia's Suharto (top) and the Philippines' Ramos

India urged to adopt UK sell-off model

By Krishna Guha in Bombay

India's chief financial regulator has called on the country's new government to adopt a "Thatcherite" model of privatisation – selling big stakes in state-owned companies to small investors at a discount.

D.R. Mehta, chairman of the Securities and Exchange Board, said the move would revive India's moribund primary equity market and make the public sector "really and truly owned by the public".

He cited the example of Margaret Thatcher, former UK prime minister, a pioneer of privatisation in the 1980s. "She went to the extent of saying: sell shares in small lots, sell at a discount, if necessary give some incentives."

Mr Mehta said British experience offered valuable lessons for India. Disinvestment should take place "largely in the domestic market", rather than through the issue of global depositary receipts to international investors.

The Securities and Exchange Board set out the plan in its recommendations to the new administration. Mr Mehta said the broad thrust of the proposal was supported by the disinvestment commission, which advises the government on asset sales.

"Some of the public sector companies in India are very strong – they have enormous hidden reserves," he said. A few successful public offers would bring cautious investors back to the primary equity market and allow private companies to raise funds too.

"In India, not one of the top 500 companies has come to the market in the last three years."

The securities board also wants the new government to increase the free float of shares in the secondary market by instructing state-owned financial institutions to reduce their holdings.

Analysts said moves to boost shareholdings were "positive" but said any big rise in the supply of shares could depress the stock market, a risk Mr Mehta played down. "India has the second largest number of individual shareholders in the world – one estimate is 30m, which may not be far wrong." There was a huge unsatisfied appetite for quality stock.

The main obstacle to the proposal may be the need to raise funds quickly, at the highest possible price and lowest cost of issuance, to plug India's widening fiscal deficit. Analysts said this favoured continued use of global depositary receipts.

Taiwan's aviation chief dismissed

By Laura Tyson in Taipei

The chief of Taiwan's civil aviation bureau, Tsai Duei, was dismissed yesterday following a string of civil and military aviation disasters that have raised fears over aviation safety in the country.

Air passenger traffic has plummeted as travellers turn to trains and buses.

At China Airlines, the embattled Taiwanese carrier, the board of directors yesterday announced that its president, Fu Chun-fan, would also step down immediately to accept responsibility for a crash in February that claimed 202 lives.

Chiang Hung-yi, its chairman, is to take over the role of president while the airline searches for a replacement.

Calls for the resignation of Tsai Chao-yang, the transport minister, have grown increasingly shrill but Vincent Siew, the premier, said he would be kept on at least until June to handle the aftermath of the crisis.

The government has yet to make public the results of an investigation into the February 16 crash at Taiwan's northern Chiang Kai-shek international airport.

The 182-seat Airbus 300 jet was returning from Bali in heavy fog when it ploughed into a residential area bordering on the runway and exploded. There were no survivors.

The "black box" and cockpit flight recorders were sent to Australia for analysis, but apparently did not give many clues as to the cause of the disaster.

On March 18 a Formosa Airlines 36-seat Saab 360, carrying eight passengers and five crew, disappeared from radar two minutes after takeoff from northern Hsinchu, headed for the southern city of Kaohsiung. There were no survivors.

The incident worsened flight safety concerns at China Airlines, which controls Formosa Airlines. It was the fifth involving Formosa in five years. A total of 28 people died in the previous crashes, all of which involved Dornier 228 aircraft.

Beijing envoy may visit Taipei

By Quentin Peel and James Harding in Shanghai

China's chief negotiator with Taiwan has signalled his willingness to visit Taipei, in an unprecedented move to advance talks aimed at eventually tackling reunification.

Wang Daohan, chairman of China's Association for Relations Across the Taiwan Strait, was confident that his Taiwanese counterpart would accept Beijing's recent invitation to visit the mainland and relaunch the cross-strait negotiations that have been suspended for more than two years.

Mr Wang's offer to go to Taipei after his opposite number visits the mainland follows a series of recent initiatives by China to entice Taiwan back to the negotiating table. Last month Beijing invited Koo Chen-fu, the head of Taipei's Strait Exchange Foundation, to come to China.

Asked whether he would be prepared to visit Taiwan, which Beijing has regarded as a renegade province since it broke from the mainland after the Communist takeover in 1949, Mr Wang said: "After Mr Koo Chen-fu visits China, we will hold discussions. I believe that I stand a very good chance of returning that visit."

The first and only round of Koo-Wang talks were held in Singapore, which was considered neutral territory to the delegates from both China and Taiwan.

The apparent willingness of both lead negotiators to travel across the Taiwan Strait reflects a touch more flexibility in the slow and highly sensitive negotiations between the two sides.

"Taiwan has already indicated that it is willing to accept this resumption. I can see very positive preparation efforts under way," Mr Wang said in an interview.

He said he hoped US president Bill Clinton's visit to China in June would help facilitate further progress in the cross-strait relationship. He emphasised the improvement in cross-strait links and Sino-US ties since Lee Teng-hui, Taiwan's president, enraged Beijing by visiting the US in 1995.

ILLEGAL CROSSINGS WORKERS FROM INDONESIA EXPOSE REGIONAL STRAINS

Immigrants die in Malaysia riot

By Sheila McNulty at the Semenyih Detention Camp, near Kuala Lumpur

Eight illegal immigrants were killed by Malaysian police yesterday after a violent protest against their deportation to Indonesia.

In the confrontation the immigrants attacked police with swords carved from fence posts and barbed-wire covered spears. They killed one corporal and injured 27 of his colleagues.

The riot took place in the Semenyih Detention Camp on the outskirts of Kuala Lumpur, the Malaysian capital. Immigrants have been rounded up and kept at the camp before deportation.

It was the bloodiest of coordinated protests in three camps across the country. In one, 1,168 inmates escaped, but most were captured.

The riots have driven home the strains that the thousands of economic immigrants flowing in from Indonesia are putting on Malaysia.

The country is holding more than 10,000 Indonesian immigrants in camps and thousands more are working illegally.

The authorities fear an increase in crime and social unrest as the regional slowdown has made it difficult for the immigrants to find work in Malaysia. Despite pledges by the authorities to deport 10,000 immigrants a month, more continue making the short journey by boat.

"There are still a lot to be accounted for," Abdul Rahim Noor, inspector general of police, said last night as the Semenyih barracks smouldered behind him.

Mr Abdul said "hand to hand fighting" dominated the "ugly situation". It took 3,500 officers to bring it under control.

The authorities moved ahead with their deportation plan and yesterday shipped 1,495 immigrants to Indonesia, with the help of the Indonesian navy.

Human rights groups charged that some were fleeing political persecution in Indonesia and that fears of torture on their return had prompted the riot. The authorities insisted the riot broke out after the immigrants learned of the plan to send them home.

Malaysia is the most vulnerable country in the region to the inflow of immigrants because of its proximity to Indonesia and as its long coastline is difficult to monitor.

Singapore is also fending off immigrants and last week jailed and ordered caned 117 men convicted of entering illegally or staying longer than permitted. They were among 300 people charged with immigration violations on Saturday and brought to almost 800 the number of such people arrested last week.

ARMS PROGRAMMES EUROPE WARNED AGAINST CREATING SINGLE WEAPONS MAKER

US urges more defence co-operation

By Alexander Nicoll and Bruce Clark in Washington

A senior US defence official yesterday warned Europe against creating a single, large weapons maker and urged greater transatlantic co-operation on arms programmes, especially those providing equipment suitable for coalition warfare.

"You obviously have enormous excess capacity by having one of everything in each [European] country," said Jacques Gansler, defence undersecretary for acquisition and technology. "But I would certainly suggest that you don't want to get down to one."

The Pentagon's procurement chief said in an interview with the Financial Times that he still wanted to encourage further consolidation of the US defence industry in spite of its block this week on Lockheed Martin's proposed $9bn acquisition of Northrop Grumman.

"There's a lot still left," he said. "We still have at the lower tiers a great deal of potential [for consolidation] and we want to continue to encourage that... There are sectors where we have more firms and capability than we are probably going to be able to afford in the long run."

However, competition would have to be preserved in sectors which would be important for future warfare, especially those involving advanced technology.

The Lockheed/Northrop deal, he said, had presented too many issues of vertical and horizontal integration to be allowed, particularly in some areas of electronic warfare and in the elimination of Northrop as an independent third supplier of military aircraft, leaving only Lockheed and Boeing.

Northrop, which built the B2 bomber, was a leader in stealth technology and there was no reason why it should not win contracts in the future as prime contractor for aircraft programmes and play an important role as a subcontractor, Mr Gansler said.

On Europe, the Pentagon official said: "My impression is that there are some in Europe who say first we have to build a strong European defence industry and then we'll talk about transatlantic [co-operation]. I think if you wait that long, that's not a good thing to do."

The British, French and German governments have given leading arms makers until March 31 to produce a plan for aerospace and defence consolidation centred around Airbus, the civil aircraft manufacturer.

Later today, British Aerospace, Aerospatiale of France and Daimler-Benz Aerospace (Dasa) of Germany are expected to tell their governments how they plan to take on US giants such as Boeing and Lockheed Martin.

With the western world expecting to carry out most future military operations in coalitions, Mr Gansler said there should be much greater transatlantic co-operation on systems such as communications.

This would be done "starting from the viewpoint that we're going to be fighting together, and therefore we should be at least interoperable and in many cases sharing equipment," Mr Gansler said.

Ready for take-off, Page 2

Mejia eyes Colombia's vice-presidency

Colombia's presidential race shifted up a gear yesterday when Maria Emma Mejia (above) announced she had resigned as foreign affairs minister to join the campaign of official Liberal party presidential candidate Horacio Serpa, as vice-presidential candidate, writes Adam Thomson in Bogotá.

"I am here, Horacio Serpa, to join you in giving a clear message of peace and conciliation to the Colombian people," she said yesterday.

Political analysts say Ms Mejia's favourable image among Colombians will boost the Serpa campaign in the run-up to the May 31 elections.

Brazil restricts short-term capital inflows

By Geoff Dyer in São Paulo

Brazil yesterday moved to place restrictions on short-term capital inflows into the country following a sharp rise in foreign investment since the beginning of February.

The National Monetary Council partially closed a loophole that allows banks to borrow funds abroad and invest them in dollar-indexed Brazilian bonds, which offer considerably higher interest rates.

The move comes at a time of growing debate among international economic policymakers, following the Asian economic crisis, about the merits of controls on short-term capital inflows into developing economies.

The Asian crisis caused a sharp fall in Brazilian bond and equity prices and prompted many investors to withdraw funds from Latin America's biggest economy.

However, a surge in confidence since February about Brazil's short-term economic outlook has encouraged a huge inflow of capital, as investors have tried to take advantage of the high interest rates Brazil established to defend its currency.

Foreign currency reserves, which fell to $51bn in November, have reached around $64bn, which is higher than their pre-crisis levels. The government has decided to damp the inflow of short-term funds, which can be highly volatile and which require the government to issue domestic debt to soak up excess liquidity.

Demosthenes Madureira de Pinheiro Neto, director for international affairs at the central bank, said the move was not designed to prevent investment by foreigners, but to improve the quality of the dollar inflows by cutting the amount of speculative capital.

"We want to discourage those funds which are aimed exclusively at taking advantage of interest rate arbitrage," he said. Brazilian basic interest rates are currently 28 per cent a year.

Mush of the dollar inflows have been through "regulation 63", a device designed to give farmers access to cheap foreign credit. But many investors were taking advantage of a loophole, which allowed them to put funds into dollar-linked domestic bonds. Under the new rules, 50 per cent of all funds entering the country through "regulation 63" must be invested in the agricultural sector.

NEWS DIGEST

GDP FIGURES

Solid growth continues in the US economy

The US economy grew by 3.7 per cent during the fourth quarter of last year, down 0.2 per cent from an earlier estimate, due to falling corporate profits and consumers spending less than predicted, the Commerce Department said yesterday.

The revision was in line with expectations on Wall Street, where economists yesterday predicted solid growth for the first quarter of 1998. US gross domestic product grew 3.8 per cent last year, the strongest annual advance in nine years.

The report revised downward gains in consumer spending during the fourth quarter – from 3.1 per cent to 2.5 per cent. However, business investment fell less than had been estimated – only 0.8 per cent, rather than 3.5 per cent.

Unemployment claims registered a modest increase in the week ending March 21.

The Conference Board, the New York-based business research group, predicted "no let-up in hiring intentions" and said many employers are finding it difficult to attract job applicants in "this very tight labour market." **Nancy Dunne, Washington**

IMF FUNDING

Senate approves $17.9bn

The US Senate yesterday overwhelmingly passed legislation giving $17.9bn to the International Monetary Fund, setting the stage for a more unpredictable outcome in the House of Representatives.

The Senate inserted the appropriation for IMF funding in a military and disaster relief bill which covers the cost of military operations in Bosnia and the Persian Gulf and helps pay for clean-up and rebuilding after domestic disasters.

The Senate legislation carried provisions for trade and lending reforms at the IMF.

The House bill is likely to contain even tougher demands for reform from liberal Democrats, who want labour rights and environment to be conditions in IMF loans.

In both houses, there has been concern that giving the Fund more money for bail-outs will encourage risky investments. However, the real problem will come with an anti-abortion amendment sponsored by many House Republicans.

The White House has threatened a veto if the legislation goes to the president requiring that no IMF funding go to international organisations which support family planning. **Nancy Dunne**

CANADA

Charest in Quebec challenge

Jean Charest is to leave national politics to seek the Liberal party leadership in Quebec, his close ally Ralph Klein, the premier of Alberta, said yesterday.

Mr Charest, the Progressive Conservative party's national leader, was to make the announcement in his hometown of Sherbrooke, Quebec last night, but Mr Klein stole his colleague's thunder by revealing Mr Charest's decision to switch parties and political venues on national television.

The popular Mr Charest, an ardent federalist, is putting his political future at risk by switching to Quebec's Liberal party, a platform from which he will challenge Lucien Bouchard, the province's separatist premier.

Mr Bouchard, who has vowed to organise another sovereignty referendum should he be re-elected, could call a provincial vote as early as this autumn. **Scott Morrison, Toronto**

US TAX REFORM

Radical overhaul unveiled

Republican senators yesterday unveiled a package of radical reforms for the troubled US tax service in a new bill rivalling the administration's own efforts to overhaul the tax system.

William Roth, chairman of the Senate's influential finance committee, claimed his proposals amounted to "the most comprehensive overhaul ever" of the Internal Revenue Service.

The political drive to reform the IRS gathered popular support after highly damaging hearings before the Senate committee last year, which revealed widespread abuses of power.
Richard Wolffe, Washington

ARGENTINA

Companies face debt burden

Argentina's private sector faces a heavy burden of interest and amortisation costs between now and 2000 after issuing record debt in the form of bonds last year, according to a study by think-tank Fundación Capital.

Banks and other companies placed $5.3bn in new bonds, over 62 per cent up on 1996 and almost 24 per cent up on 1993, the previous record year. The total registered stock of private debt circulating in the bond markets is about $13.1bn. Unregistered and offshore debt amounts to a further $3bn, the study estimates. **Ken Warn, Buenos Aires**

UN team visits first of Saddam's palaces

By Laura Silber at the UN in New York

UN weapons inspectors yesterday visited the first of eight "presidential sites" at the heart of a dispute which *last month* nearly triggered US-led military strikes against Iraq.

Escorted by diplomats and Iraqi officials, UN and international weapons experts carried out a one-day inspection of the Radwaniyah Palace near Baghdad.

It was the first such investigation since the UN mission to dismantle Iraq's arsenal of deadly weapons (Unscom) began at the end of the 1991 Gulf war.

But Bill Richardson, the US ambassador to the UN, said sanctions on Iraq would not be lifted until a range of resolutions were complied with. "It is our view that sanctions will not be lifted until Iraq complies with all relevant resolutions. That has been our stated policy and continues to be our policy," he said.

Kofi Annan, UN secretary-general, last month struck an accord with Saddam Hussein, Iraqi president, to allow the UN unrestricted access to suspected weapons sites, averting the imminent threat of military intervention.

As part of the accord, diplomats were to accompany the inspection teams as "dignity police" to ensure that Iraq's symbols of national sovereignty would be treated with respect.

UN officials and diplomats welcomed the first preliminary visit to Radwaniyah Palace, nine miles west of Baghdad. The inspection was part of efforts to assess whether the sites could be used for the concealment of documents or production of weapons.

A UN diplomat, speaking on condition of anonymity, said "expectations for finding anything in this inspection were virtually zero". The Iraqis "clearly have known for weeks that it would take place".

While welcoming the inspection, Mr Richardson cautioned that US forces would remain in the Gulf until they were satisfied that Baghdad would comply with UN demands.

"So far the inspections of presidential sites, of sensitive sites, have gone well. We are pleased that the secretary-general's agreement is being implemented," he said in Geneva, where he was attending a conference on human rights.

"But the real test will be compliance over an extended period of time, not on brief, snap inspections. We want to see a consistent *pattern* of inspections completed."

Mr Richardson added that the US still considered the situation serious. "Our forces are going to stay in the region until we are satisfied of Iraqi compliance."

Richard Butler, chief UN weapons inspector, left Baghdad yesterday after talks with Iraqi officials. "I am optimistic that during this calendar year we will make significant advances towards the end of the disarmament phase in the missile and chemical fields," he said on Wednesday.

A clean bill of health would help pave the way for the lifting of sanctions imposed after Iraq invaded Kuwait in August 1990.

Crisis, sanctions, isolation – none seems able to change the face of Baghdad

The regime might be unpopular, both inside and out, but like him or hate him Saddam appears to be Iraq's only option short of disintegration, writes **Mark Huband**

President Saddam Hussein's face is the only one that smiles on the streets of Baghdad. Saddam with a child on his knee, Saddam wearing a fishing hat, Saddam greeting a crowd.

The image of the Iraqi leader smiles out from walls, pillars, pedestals and statues.

Even in *private* Mr Saddam probably smiles. The reason is that enough people in and out of the country believe that, like him or hate him, Mr Saddam is Iraq's only option.

"The regime is unpopular, but there is no one way to get rid of him, so no one is likely to do anything about it," said one Baghdad resident.

"Saddam is our safety valve," said another. "However awful he is, he keeps the country together, and if he goes it would be the end of Iraq."

The crisis which almost led to US-led air strikes being launched against Iraq last month was defused partly as a result of strong *Arab opposition to military* action. Leaders of Arab states who opposed air strikes knew they would be defying their own public opinion if they supported strikes.

The issue of Iraq struck a chord reflecting a popular Arab response to the threat. This brought the collapse of many barriers between Iraq and its neighbours, with envoys sent to many countries which in 1991 helped oust Iraq from Kuwait and cut off diplomatic ties.

Also working to Mr Saddam's advantage is the stalemate in the Israeli-Palestinian peace process, which Iraq has always opposed. Regionally, the role of Israel is regarded as much more important than Iraq's weapons of mass destruction.

"The [Iraqi] regime is secure, it's protected," said a diplomat in Baghdad. "Air strikes wouldn't have dislodged it, and anyway it is more collective than one thinks.

"The contacts with Arab states will continue. Saddam Hussein is now dealing with everybody. There will be the re-establishment of diplomatic relations, though now is too early."

Gulf states, who in the past had most to fear from Iraq's weapons arsenal and territorial ambitions, are *also increasingly concerned* about the influence on regional affairs of non-Arab Iran and Turkey. Iraq serves as a buffer against both states.

The agreement of February 23, in which Iraq guaranteed UN inspectors unhindered access to sites alleged to contain its weapons of mass destruction, marked the first real stage in Mr Saddam's rehabilitation in the eyes of the region. The success of the agreement depended on it having been negotiated, rather than imposed by UN resolution.

"Regional states have been waiting for a moment when they could say 'enough'," said Riyadh al-Qaysi, Iraq's deputy foreign minister. "With regard to the latest crisis, in order to hit Iraq militarily there had to be a material violation of UN resolutions, regional and international support for a strike and an objective linked to the rationale of the air strikes. Nobody in the region agreed that these conditions existed."

To capitalise fully on regional opposition to air strikes and the settlement which resulted, Iraq is under pressure from its neighbours to show contrition for its past aggression, in addition to paying compensation to states affected by the Gulf war.

"Iraq will not [again] invade Kuwait. You learn from your mistakes," said Mr al-Qaysi.

"We have turned a page. What other choice do we have? If you lift the external pressure immediately, the Arabs will put aside their differences. They will see that the danger does not come from Iraq."

"I think Saddam Hussein has given up his ambitions of conquest," said a diplomat.

"I think he thinks about reconstructing his country. Their main pre-occupation now is to retake control of their resources and end the embargo.

"President Saddam hasn't changed," said Mr al-Qaysi, a member of Iraq's inner circle of decision-makers. "I don't think that he has ever lost the conviction that he was right. The man is the same man. The qualities are the same qualities. The ideas are the same ideas."

Some observers say that Iraq is now prepared to accept that sanctions will remain for at least one more year. The government's strategy during this period is expected to be dominated by attempts to garner regional support to ensure the sanctions are lifted.

Having survived war, *sanctions, international* opprobrium and the failure of attempts to unseat him, it is the view of many both at home and abroad that Mr Saddam is likely to continue smiling on the streets of Baghdad.

In a rare public appearance, Saddam Hussein stands on a car to wave to supporters in front of the shrine of Imam Ali, in Najf, south of Baghdad Picture Reuters

Israel offers plan for West Bank

By Judy Dempsey in Jerusalem

Benjamin Netanyahu, Israel's prime minister, said yesterday pockets of land under Palestinian control could be linked together, appearing to turn back from the Israeli government's previous attempts to carve out disconnected cantons in the West Bank.

Mr Netanyahu said his proposals were about "quality instead of quantity," indicating the government wanted to shift from negotiating the amount of land to be be handed back to the Palestinians to discussing a future Palestinian entity.

Mr Netanyahu's comments came after twelve months of deadlock over Palestinian territory, but diplomats said that it would be difficult for Palestinians to accept his proposals without knowing how much land Israel was prepared to hand over.

"There is no connection between Netanyahu's offer and the peace process," said Ahmad Abdel-Rahman, adviser to Yassir Arafat, president of the Palestinian Authority. "By his offer, Netanyahu is negotiating with himself and with his government."

The prime minister's sketchy proposals were announced to coincide with the arrival yesterday of Dennis Ross, US Middle East peace envoy. They appear to be an attempt by Israel to pre-empt the US publicly presenting its own plan to revive the peace process.

The US wants Israel to hand over 13.1 per cent of land to the Palestinians in the second overdue Israeli troop pullback from the West Bank. But Mr Netanyahu insisted he would not bow to any US pressure. "I can't accept a dictate," he said.

Instead, Israel might hand back around nine per cent of land, but in phases. "We could stop the pullback at any time if the Palestinians do not comply with the commitment to fight terrorism," said David Bar-Illan, Mr Netanyahu's media adviser. "In any case, a contiguous stretch of land would allow the Palestinians to create a viable entity which would be attractive to them," he added.

Israeli officials also repeated that the third pullback would take place only during *final status talks* – which will focus on the future of Jerusalem, settlements and other issues – even though it was supposed to take place by the middle of this year, as agreed with the US in January 1997.

A senior member of Mr Netanyahu's Likud party said Israel was determined to hold on to as many bargaining chips as possible before the start of the final status talks which will also define Israel's borders. "Land is our card. We will not go ahead with the third pullback until those talks. That is something we will have to make clear to the Americans," he said.

There are confusing signals from Washington as the European Union, the Palestinians and sections of the Jewish lobby press the Clinton administration to present its plan. On the one hand, Washington knows any public pressure will lead many Israelis to rally around Mr Netanyahu. On the other, without any specific plan, hopes of reviving the peace process will fade.

Editorial Comment, Page 13

Mediterranean states 'need capital injection'

By Roula Khalaf in London

The European Union's efforts to strengthen ties with developing Mediterranean countries will help foreign investment but it is up to their governments to implement policies to attract capital, Manuel Marin, European Commission vice president, said yesterday.

In a capital markets conference backed by the EU and organised by the FT, Mr Marin said the success of the Euro-Mediterranean initiative, *started in Barcelona in* 1995, depended on countries' ability to attract capital flows into the region, a process which so far has been disappointing.

After years of stagnation, several countries in the Middle East and North Africa have shown promising results over the past two years. Capital markets have begun to flourish in Egypt, Morocco, Jordan, Lebanon and Tunisia. This has been hailed as an important development, since the region's governments can no longer mobilise enough public capital to meet investment needs.

But many countries in the region had pinned high hopes on attracting capital on the Euro-Med initiative, which aims to create a free trade zone with the EU by 2010. With the breakdown of the Middle East peace process, Euro-Med has stumbled. Some meetings in the Euro-Med process have been cancelled as some Arab states have refused to sit on the same forum with Israel.

Kemal Dervis, vice president of the Middle East and North Africa region at the World Bank, said that economic reforms had to be strengthened in the region to absorb a labour force growing at 4.2 per cent a year.

"The growth performance was on average 3 per cent a year over the last 10 years when you need at least 6 per cent to absorb the labour force," he said. "For growth, you need investment and this is the challenge."

According to Mohamed El-Erian, European head of emerging markets at Salomon Smith Barney, having avoided the negative contagion from the Asian crisis, the region's capital markets now offer investors important diversification possibilities. Several countries, including Algeria, Egypt, Jordan, Morocco and Tunisia, could benefit from the flight to quality within emerging markets.

"But there is nothing automatic about benefiting from a potential flight to quality," he said. "Countries need to continue building their sound economic and financial fundamentals."

While Brussels has been lamenting the problems for its efforts in the area posed by the breakdown of peace, such countries as Tunisia and Morocco, which have already signed agreements, have complained that the process was excessively bureaucratic.

They add that the funds – a total of Ecu4.7bn ($5.5bn) in grants and about Ecu4bn in soft loans in 1995-99 – are tiny compared to the sacrifice of dismantling tariffs and foregoing customs revenues. EU member states have also proved unwilling to make concessions on agriculture, the main stumbling block today for signing an association agreement with Egypt.

Mr Marin said in an interview yesterday that Euro-Med remained the only forum in the region which continued to function. He pointed out that it had succeeded in convincing Syria to begin negotiations, and in taking the radical decision of opening up its economy.

More integration amongst the developing countries of the Mediterranean, Mr Marin said, would act as a incentive for foreign investors.

'Outraged' ILO embarks on final attempt to shame Nigeria

By Frances Williams in Geneva

The International Labour Organisation yesterday established a commission of inquiry to investigate abuses of trade union rights in Nigeria, in a final attempt to shame the country into changing its labour practices.

Nigeria has repeatedly ignored calls by the ILO's committee on freedom of association to release jailed trade unionists, end harassment of trade unions and respect civil liberties. This week the committee expressed "outrage" at Nigeria's refusal to allow a special mission into the country to investigate trade union rights.

The commission of inquiry is the last stage in ILO procedures for addressing "persistent and serious violations of international labour standards". Its report, which is final, can be challenged only by the International Court of Justice in The Hague.

The ILO has no means of enforcing its findings but an adverse judgment by the commission would provide weighty ammunition for those urging stronger international action against Nigeria for a long list of human rights abuses.

The commission of independent experts drawn from governments, trade unions and employers is mandated to conduct an on-the-spot investigation, although Nigeria is unlikely to permit entry. The commission's final report will go to the director-general of the ILO.

One other country, Burma, is under scrutiny by a commission of inquiry for use of forced labour. The latest report by the ILO's committee on freedom of association also condemns severe labour rights abuses in Colombia and Sudan, but praises South Korea's new government for improved treatment of trade unions.

The ILO's governing body has yet to reach agreement on the full text of a "solemn declaration" upholding fundamental labour rights. Earlier this week it gave the go-ahead for the adoption of the declaration at the annual conference in June.

The proposed "follow-up" mechanism to monitor compliance will have to be hammered out in negotiations between ILO members over the next two months.

Asian countries, in particular, are reluctant to approve any new monitoring system, while the US and workers' representatives say a declaration without a credible follow-up procedure would be meaningless.

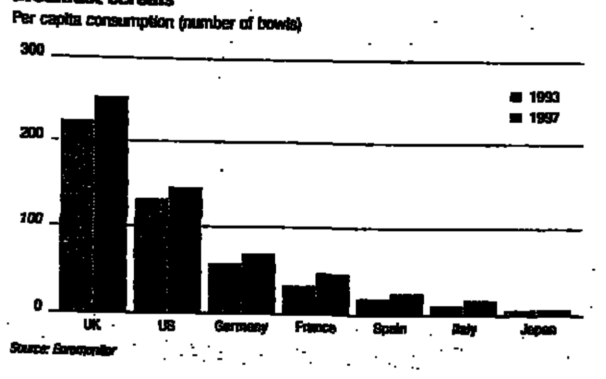
'Fast food' spreads as lifestyles change

By John Willman, Consumer Industries Editor

Changing lifestyles are behind a global surge in sales of hamburgers, breakfast cereals, pizza, pasta and ethnic food products from countries such as China and Thailand, according to research carried out by *Euromonitor*.

With more women at work and busier lifestyles in advanced economies, consumers see convenience foods as the key to a "work hard, play hard" lifestyle in which cooking impinges on valuable leisure time, the market research company says.

Breakfast cereals
Per capita consumption (number of bowls)



Source: Euromonitor

Younger people are more willing to experiment with other cuisines, while the growth in foreign tourism has led to an internationalisation of food markets.

Shorter lunch breaks in countries such as France and Spain, where meals were once more leisurely, are forcing many to turn to fast foods. In Italy, the need for a proper breakfast to compensate for a smaller lunch has raised average consumption of cereals from seven bowls a year in 1993 to 17 last year.

But Euromonitor says that while consumers are becoming more international in their tastes, they still want products which reflect their national cuisines. And while convenience is the priority for many, there is a growing demand for healthier products in an era of food scares such as the BSE crisis and epidemics of *e.coli* infections.

When it comes to levels of fast food consumption, most of the world still lags behind the US, where there are 25 burger outlets per 100,000 people and 11 pizza parlours. Japan comes a distant second with five burger restaurants per 100,000 and two pizza parlours, with the UK close behind.

The fastest growth, however, is in other European countries, such as France, Germany, Spain and Italy, which have less than two burger outlets per 100,000 but where numbers have doubled in five years. According to Euromonitor, this has been achieved by tailoring burgers to local tastes, with salad and pasta dishes in Italian branches of McDonald's and gazpacho and beer in Spanish branches.

Pizza companies have boosted sales in Japan with toppings including seafoods and seaweed. One doughnut chain sells muffins topped with sweet potato and sesame seed – mimicking a popular Japanese snack.

The demand for healthy products means different things across the world. In Japan, many foods are enhanced with vitamins and minerals. In Germany, however, the demand is for organic products.

Undersea telecoms cables become a prized commodity

Alan Cane on how insatiable demand for communications is revolutionising the financing of submarine telephone links

The internet's insatiable appetite for transmission capacity is revolutionising the way *submarine* telephone cables are financed and operated.

Owned exclusively at one time by "clubs" of international telephone operators, who contributed a share of the cost and were entitled to capacity in proportion to their investment, today's cables are increasingly likely to be funded and managed by syndicates of financial institutions.

Flag, for example, the world's longest submarine cable stretching 28,000km from Porthcurno in Cornwall in the UK to Ninomiya in Japan, has been constructed by a consortium including the Dallah Al-Baraka group of Saudi Arabia, the Asian Investment Fund of Hong Kong and GE Capital of the US. For companies such as these, construction of an undersea cable is not part of the cost of doing business, as it is to the telecoms operators, but an opportunity for profit. They are prepared to put up hundreds of millions of dollars – Flag cost $1.5bn – in the hope of making a profit by selling capacity both to international operators seeking extra capacity and to operators too small to subscribe to one of the big operators' clubs.

In practice, profits are more certain than speculative. The southern arm of Gemini, an advanced dual cable between London and New York, was completed and went into service this month, providing more instant capacity – 30bn bits of information a second (30gbps) – than the rest of the existing transatlantic cables put together. Sales of capacity on the arm are reported to be going well.

It is not necessarily being used for transmissions, however. The demands of the internet are so intense but so unpredictable that operators are stockpiling capacity rather than risk being unable to satisfy their customers: "'Can I afford to wait?' 'Can I risk turning customers away?' is what they are asking," said Michael Tapley, head of strategy for Cable and Wireless Networks Services.

The problem is that nobody can predict how demand for internet services will develop in the future. But what is not in question is that the big new demand is for data transmission – text, still and moving video images, high quality sound – of which the internet is by far the biggest component. There is already more data traffic travelling under the Atlantic than voice traffic.

The economics of international communication has been turned on its head. Whereas a few years ago it would have made more economic sense to use satellites to transmit across the Atlantic, today cable is the medium of choice. This is because technological developments have brought down the cost of cable transmission dramatically while the increase in demand has brought economies of scale.

Communications cables have been laid under the Atlantic since 1872 when the traffic was telegraphic messages. The era of voice via cable opened in 1956 with the completion of TAT-1, a club system cable carrying 36 telephone circuits.

TAT-8, the first cable based on optical fibres and laid in 1988, carried three pairs of optical fibres, each pair providing 3,800 telephone circuits.

The big advance in transmission capacity came only two years ago with the introduction of TAT 12/13. This used a technology called synchronous digital hierarchy (Sonet in the US) which used pairs of cables connected into a loop to provide unprecedented quality and reliability.

If, as is not uncommon, one arm of the loop is damaged by a trawl net or a ship's anchor, the signal is redirected over the other arm. Gemini, owned by WorldCom of the US and C&W, is such a system.

A second advance was optical amplification which did away with cumbersome opto-electronic repeaters to regenerate the light signal as it passed along the fibre. Optical amplifiers, a few metres of specially treated fibre, make it possible to regenerate the signal using a laser thousands of kilometres away at one of the cable heads.

The next generation of cables, of which Gemini is an early example, will provide much more transmission capacity – 50bn bits of information a second and more. "Solitons", light pulses which keep their shape and form when transmitted over long distances, are one answer according to Gregory Staple of the consultancy TeleGeography.

The big change, however, has been wave division multiplexing, which uses a variety of "colours" of light to make it possible to cram far more transmissions simultaneously down a single fibre optic strand.

The next generation of undersea cables will bring on stream huge increases in capacity. AC-1, funded by Pacific Capital Group, will run at 40bn bits a second. TAT-14, the latest Club cable, will offer 160bn bits a second.

NEWS DIGEST

INDONESIA'S CAR INDUSTRY

WTO gives ruling against preferential treatment

A World Trade Organisation panel has upheld complaints from the US, the European Union and Japan against Indonesia's "national car" programme, according to Japanese sources.

If the ruling is confirmed in the final report, due in a month or so, Indonesia will be obliged under WTO rules to dismantle the programme which grants tax and tariff breaks to a car manufacturer controlled by President Suharto's youngest son.

Produced in partnership with Kia Motors of South Korea, the national car, known as the Timor, is exempted from tariffs on imported components and from the domestic luxury tax, giving it an unassailable price advantage over its foreign rivals.

The IMF demanded elimination of the costly measures as part of its $40bn bailout package for Indonesia. President Suharto at first agreed but has since shown signs of wavering and the programme's current status is unclear.

The WTO report is said to have concluded that the support being given by Indonesia to its fledgling "national car" was discriminatory and breached rules outlawing investment measures conditioned on domestic content. The ruling could have important implications for other developing countries seeking to support infant domestic car industries. **Frances Williams, Geneva**

TRADE FINANCE

Indonesia in $2bn plan

Singapore and Indonesia will launch a bilateral trade financing scheme, backed by at least $2bn from Singapore's pledge to the International Monetary Fund rescue package for Indonesia.

Goh Chok Tong, Singapore's prime minister, said yesterday that Singapore bankers would be consulted to take part in the scheme, which would have some flexibility built in so other countries could participate later. Exports, such as those from Singapore manufacturers, would be covered under the scheme.

Mr Goh said his proposal for a multilateral trade financing scheme for Indonesia depended on the support of the Group of Seven countries, which to date have shown little interest. Many western countries have been reluctant to get involved in any scheme to support Indonesia until it complies fully with its agreements with the IMF over the restructuring of its economy.

The $2bn worth of guarantees falls far short of the target of $8bn that Mr Goh said last month he thought was achievable. **Reuters, Singapore**

SOUTH AMERICAN GAS

Go-ahead for Uruguay pipeline

Uruguay is about to approve a plan to build a $135m pipeline to carry natural gas from Buenos Aires in neighbouring Argentina to the capital, Montevideo. A consortium of BG, the British gas company, and Pan American Energy, a joint venture between Bridas of Argentina and Amoco of the US, said it expected to get the go-ahead to build and operate the pipeline. It is seen as an important link in the fast growing gas pipeline network linking members of the Mercosur trading bloc. Stephen Brandon of BG said the new pipeline to Montevideo also made possible an eventual extension into south-eastern Brazil, the largest gas market in the region. The Uruguayan government will use the Argentine gas for electricity generation. The consortium, which beat three other competitors for the contract, plans to build significant extra capacity into the pipeline to ensure that extra volumes of Argentine gas can go to Brazil. **Robert Corzine, London**

PROPERTY MARKET

Two convicted in island's biggest fraud trial

By Philip Jeune in Jersey

Jersey's longest and biggest fraud trial came to an end yesterday when independent foreign exchange dealer Robert Young and former Touche Ross partner Alfred Williams were found guilty of making misleading, false or deceptive statements to investors.

Mr Young and Mr Williams, who both live in England, were remanded in custody at the island's prison for sentencing in May in spite of attempts by their lawyers to continue with bail. Jersey is the largest of the Channel Islands between England and France.

The 22-day trial brought to an end a complex four-year investigation involving fraud squad officers, lawyers, forensic accountants, more than 1m prosecution documents and pre-trial costs running into seven figures.

Mr Young lost $10m of investors' money in currency deals made through Cantrade Private Bank, a Jersey subsidiary of Union Bank of Switzerland. Cantrade had already pleaded guilty to four charges of criminal recklessness by making misleading statements. The bank will also be sentenced in May.

Mr Williams, a former tax adviser and partner with Touche Ross's Nottingham branch in the English Midlands, produced documents purporting to audit Mr Young's false trading figures, which at one point claimed profits of $16m.

Investors came to court from countries including Canada, the US and Australia to tell how they were persuaded to part with their money by documents produced by Mr Young and claiming an impressive track record in currency dealing.

The court heard that he and his wife Maureen, a fellow trader, made $2m in commission plus a further $3.8m from a secret commission-sharing deal with Cantrade.

"Young had an incentive to trade investors' money frequently, regardless of whether it was profitable or not," said Crown Advocate Cyril Whelan, who led the prosecution team.

"He and his wife earned thousands of dollars every time they picked up the phone and placed a trade because of the secret agreement through which Cantrade shared its profits with Young," he said.

Cantrade has already made compensation payments to 18 investors, refunding all money with interest.

However, other investors have not accepted compensation and are continuing with a civil action seeking damages.

Mr Williams retired in 1994 from Touche Ross, having joined through the merger with Spicer & Oppenheim in 1990. He was not a chartered accountant.

Jersey's attorney general previously had decided not to proceed with 13 charges against Peter Stoneman, a senior Cantrade manager. He had denied the charges.

CONTINUING RISE OF THE POUND

Treasury denies Budget 'soft on consumers'

By Richard Adams, Economics Staff

Treasury officials yesterday strongly denied that the Budget's fiscal measures had not been tight enough to restrain sterling, saying that the pound's subsequent rise was "not a predictable consequence" of the Budget measures laid down last week by Gordon Brown, chancellor of the exchequer.

John Gieve, director of Budget and public finances at the Treasury, told MPs on the House of Commons Treasury Committee: "This was not a giveaway Budget. And I don't think it can be seen as soft on the consumer."

Last week's Budget had attracted criticism by some analysts for not doing enough to slow down consumer spending.

After the Budget sterling rose to a nine-year high against currencies of the UK's major trading partners. Part of this was attributed to expectations that the Bank of England's Monetary Policy Committee had been left to raise interest rates to subdue domestic demand.

Joe Grice, Treasury deputy director of macroeconomic policy and prospects, said fiscal policy had been tightened by 2.1 per cent of GDP, cyclically-adjusted, "which we think has been helpful to the MPC in setting interest rates to meet the government's inflation target."

About half of the 2.1 per cent tightening would fall upon consumers: "a very substantial fiscal tightening," Mr Grice said. It includes measures introduced in previous Budgets.

The officials denied claims that Budget forecasts for public finances included a "war chest" for increased spending before the next election. Malcolm Bruce, the Liberal Democrats' financial spokesman, said the Treasury's forecasts were very cautious, leaving room for such spending.

Mr Gieve said the projections for public finances were prudent and reasonable. "We are not building fat in," he said. "We don't think we are being overly cautious, although we are being cautious in some of our assumptions."

Sir Peter Lloyd, a Conservative member of the committee, asked the officials if they thought manufacturing likely to go into recession. Christopher Kelly, the head of economic briefing and analysis at the Treasury, said: "It is certainly a possibility."

Anti-BSE drive 'marred by poor enforcement'

Maggie Urry reports on the horror with which inquiry witnesses discovered the way in which disease was being fought

At the start of every day of hearings in the BSE inquiry, Paul Walker, the lawyer who asks the questions, advises witnesses that they are not being criticised. The time for witnesses to answer "potential criticisms" will come later, he says ominously.

Most of the witnesses questioned have been scientists who either advised the government on BSE or who felt their views were being ignored by the government. Ministers and government officials will be able to put their side of the story later in the year.

But three weeks into the hearings, much has been said about the mistakes that allowed the "mad cow" disease epidemic to spread among the UK cattle herd and apparently infect the human population with a new variant of Creutzfeldt-Jakob disease, the deadly condition that has struck 24 people.

The two most important measures put in place to stop the disease – the ban on feeding meat and bone meal (MBM) to ruminants and the removal of specified bovine offals (SBOs) from the human food chain – were not apparently enforced in a rigorous manner. In theory the two bans should have stopped the spread of BSE and prevented it reaching humans. The feed ban would cut off the source of the disease in cattle, while the SBO ban would stop the infective material going into human food. Many witnesses have expressed the horror they felt when they discovered the lack of rigour in enforcement.

But scientists' early advice was based on hunches about what the disease was and how it was being spread. Even now scientists cannot say with certainty what caused the disease – and a number of witnesses are putting their own theories to the inquiry.

Professor Sir Richard Southwood, a zoologist who was asked to head a group to look into the disease in April 1988, is one of the main characters in the drama. He told the inquiry that government officials had warned him not to recommend expensive solutions. His committee thought mass slaughter programmes were unnecessary.

Even so, the Southwood committee was horrified to discover that animals with clinical symptoms of BSE were still being put into the human food chain and said that should stop immediately. It also pressed for enforcement of the feed ban.

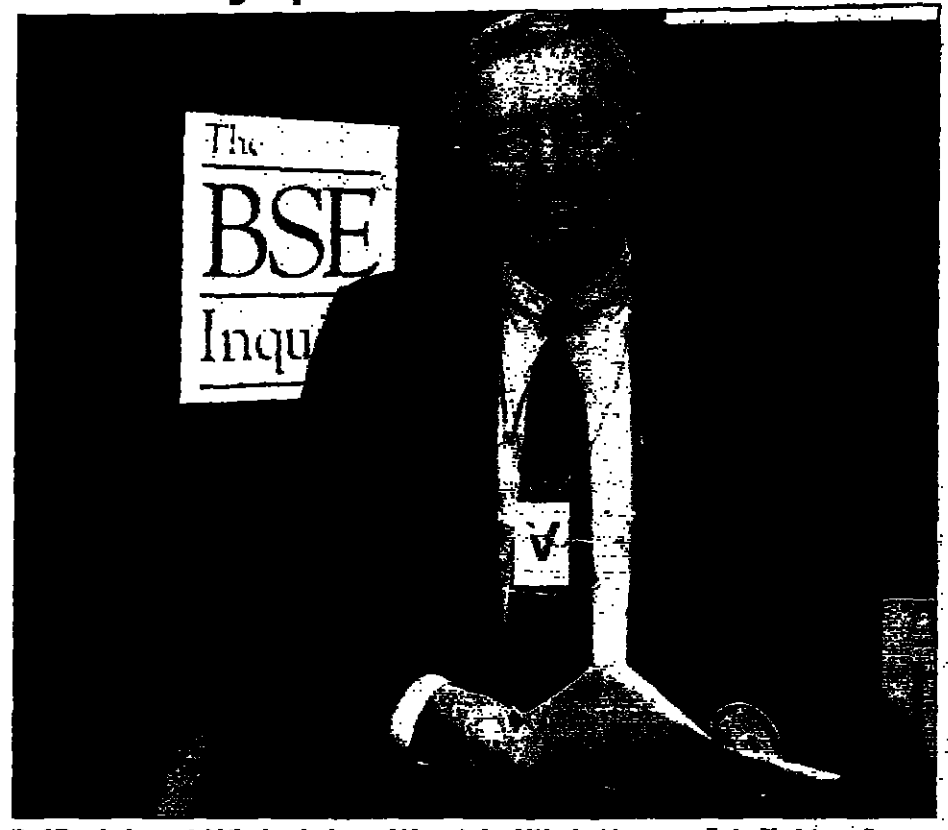
It was not until 1993 that government scientists began to realise the feed ban was failing. Dr David Tyrrell, the first chairman of the government's Spongiform Encephalopathy Advisory Committee (Seac), said in his evidence that at that time scientists "began to be increasingly worried that cases were continuing to occur in animals born well after the ban should have been in full operation".

By early 1995 "about 40 per cent of the new cases [of BSE] were in animals born after the ban", he said. These animals – or Babs as they came to be called – made nonsense of earlier estimates of the size of the BSE epidemic.

Professor Roy Anderson, an expert on epidemics, told the inquiry he could have calculated the feed ban was not working much earlier if government scientists had given him the data he requested.

Before the SBO ban was introduced in 1989, Dr Robert Will, a consultant neurologist, director of the CJD Surveillance Unit in Edinburgh and a member of Seac, had realised such a ban was "an absolutely critical measure to protect public health", he told the inquiry.

It was not until November 1995 – six years after the SBO ban – that Seac heard at a regular meeting that slaughterhouse inspections had found spinal cord was being left on dressed carcasses. The minutes of that meeting recorded: "Dr Will stated that he was appalled at this information."



Prof Roy Anderson told the inquiry he could have helped if he had been supplied with data earlier

NI drive against religion bar shifts to England

By George Parker, Political Correspondent

Lord Irvine, the Lord Chancellor, last night indicated that the government would not support a bill designed to allow future holders of his office to be Muslims, Hindus, Jews or atheists. The Lord Chancellor is head of the judiciary in England and Wales.

The bill is being promoted by Lord Alderdice, leader of Northern Ireland's non-sectarian Alliance party, who wants to sweep away the last vestiges of religious discrimination in the British constitution.

He claims the current law in effect bars non-Christians from becoming Lord Chancellor; his bill to clarify the law and open the post to people of all faiths and none. "There is no place in a modern democracy for the linking of public office with religious beliefs," he said.

But the Lord Chancellor's department said last night the government would not be supporting the bill, which it described as being "well-intentioned but unnecessary". Lord Irvine's spokesman declined to say what was wrong with the bill.

Officials close to Lord Alderdice claim Lord Irvine is opposed to the measure because it might result in the loss of some obscure and ancient powers. These include the Lord Chancellor's visitation rights to cathedrals, his role as a commissioner of the Protestant Church of England and his position as "keeper of the king's conscience" – a spiritual adviser to the monarch.

Lord Alderdice is also proposing a second bill which would clear up the constitutional anomalies surrounding the eligibility of Roman Catholics to become prime minister. There is no bar to candidates from other faiths or from atheists.

SOCIAL SECURITY MINISTER SAYS GOVERNMENT AIMS TO LIFT PEOPLE 'TO DIGNITY AND INDEPENDENCE'

Welfare reform launched

By Robert Peston and Nicholas Timmins

The Labour government, heir of the administration of the late 1940s which founded the modern welfare state, yesterday launched a rolling programme of reform, covering pensions, benefits for for the disabled and social security fraud.

Its long awaited consultation paper, laying out principles for remodelling the welfare state, is aimed at lifting "people from poverty and dependence to dignity and independence," said its main author, Frank Field, the social security minister.

However, it represents a setback for Mr Field, who was brought into the Labour government by Tony Blair, the prime minister, to "think the unthinkable". He has been forced by the prime minister, who took charge of social security overhaul at the turn of the year, to move only slowly towards a new system of compulsory second-tier pensions.

Mr Field's preference for universal benefits over means-testing has been reflected in only parts of the reform programme. The paper does, however, reflect his view that more needs to be spent on welfare rather than less. Much of that will have to come from private provision and insurance, however, not from the taxpayer.

Among the papers' recommendations are for a significant tightening up in the tests for claiming incapacity benefit, which is currently paid to 1.8m people and costs £7.77bn ($13bn) every year. However the new rules will apply only to new claimants. "We accept that those currently on incapacity benefit have built a standard of living around it" Mr Field said.

Savings from reducing new entrants to incapacity benefit will provide "extra help for those severely disabled people with the greatest need," but there will be new scrutiny to ensure that disability living allowance, costing £4.4bn a year, goes to the right people. Meanwhile, a disability rights commission will be set up to "protect, enforce and promote the rights of disabled people."

A raft of anti-fraud measures were confirmed, including powers for the Department of Social Security to fine fraudsters. A thorough check of all National Insurance numbers will be launched to eliminate an estimated 20m from the system which do not belong to any living person and support phoney claims.

But a politically sensitive and contentious decision over whether to force people to save more for their retirement has been put off until publication of a pensions consultation document within two months. Mr Field said "an extension of compulsory second pensions to those who are currently not covered and an increase in the minimum compulsory savings rate" was under serious consideration.

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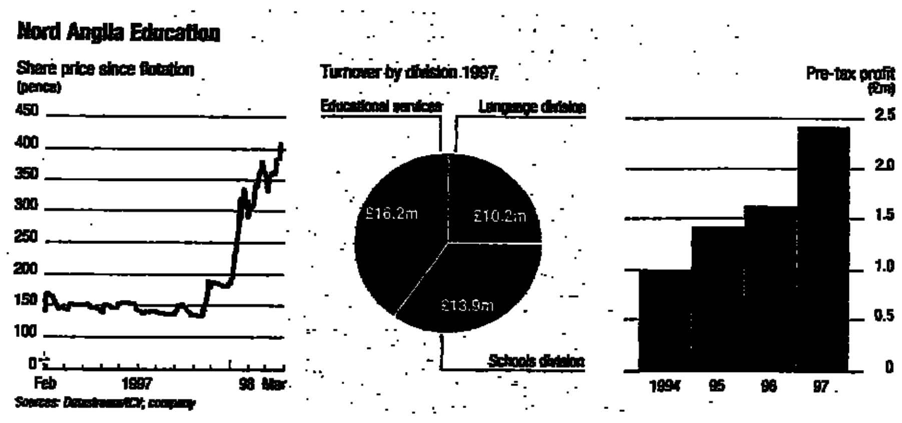
The business of education is set to go up a class

Simon Targett reports on the success of Nord Anglia, which last year became the country's first quoted schools operator



Hull Grammar School in north-east England, the alma mater of William Wilberforce, the anti-slave trade campaigner, might seem to have little in common with a language academy in Moscow, an art and design college in New Zealand, and the careers service for Ministry of Defence schools in Germany, Cyprus and Gibraltar.

But it does: all are run by Nord Anglia, the fast-growing £46m ($76.8m) company based in north-west England, which shot to prominence last year when it became the UK's first quoted schools operator.

The architect of Nord Anglia's fortunes is Kevin McNeany, a native of Northern Ireland who started providing English-language vacation courses for students from mainland Europe in 1972.

A former teacher, Mr McNeany formed the company in 1987 with plans for buying a series of UK-based independent schools. "This gave us the credibility to expand into the wider education market," he says.

In 1990, Nord Anglia secured £3m of venture capital funding from Charterhouse and opened new language schools as well as a series of British international schools for expatriates, beginning in Warsaw.

Since then, the company has set up a division to provide educational support services – especially school inspections and careers services – to the state-funded sector in the UK. This promises to be the fastest growing part of a business which has seen pre-tax profits grow from £800,000 in 1993 to £2.4m in 1997. Last year, education services achieved operating profits of £662,000 – up from £181,000.

By contrast, the independent schools business rose from £1.15m to £1.52m and the language schools business, affected by the strength of sterling, rose even more modestly, from £536,000 to £554,000.

Paul Kavanagh, a partner at Killik & Co, the broker, is convinced this trend can continue, not least because of the government's readiness to let private companies run failing state-funded schools in "education action zones". Henry Cooke Lumsden – Nord Anglia's broker – forecasts pre-tax profits to rise to £2.7m this year, producing earnings of 12.2p, compared with 11.53p last year and 10.87p in 1996.

"This makes the current share price [up to 409 pence in London yesterday from 385 pence on Wednesday] look expensive," says Mark Sheppard, analyst at Hoare Govett. But Mr Sheppard is optimistic. One reason is the government's emphasis on "education, education, education" and the wider shift towards an economy which places a high priority on knowledge and skills.

Another is Mr McNeany's entrepreneurial record. "You can't argue with a man who's made £20m," says Mr Sheppard. But the main reason is the American experience. "Three years ago, the sector wasn't very popular in the US," Mr Sheppard notes. "Now there are several companies worth well over $1bn."

Mr McNeany also points to the US, citing the performance of the Apollo Group, which runs the University of Phoenix and is worth $2.4bn.

His own expectations for Nord Anglia are altogether more modest. He sees turnover rising steadily to £300m through sustained organic growth.

A new international school opens in Berlin in September, a clutch of purpose-built nurseries is planned for this year, and there are proposals to venture into the higher education market in the UK.

Accord sought in EU for regulating arms sales

By Jimmy Burns in London

The UK government has revised proposals for a European code of conduct on arms trade regulation that it hopes will secure agreement from other European Union states before the EU summit in June.

A new draft of the controversial code of conduct failed to win the approval of officials of EU governments at a meeting in Brussels yesterday, following a series of bilateral discussions between the UK Foreign Office and its counterparts.

"We are at a technical stage arguing over details. There is undoubtedly some way to go, but we're still confident of getting an agreement by June," a Foreign Office official said last night.

An earlier draft presented jointly with the French failed to get agreement from other EU states. Leading non-governmental agencies and Gen. Sir Michael Rose, commander of UN forces in Bosnia from 1994-5, criticised it for not being strong enough.

The revised text largely mirrors guidelines produced in July shortly after the election of the Labour government – which some anti-arms trade campaigners saw as making only cosmetic changes to the rules that existed under the Conservative administration.

The new text is thought still to contain a loophole in the human rights guidelines, allowing for the export of equipment destined for the "protection of members of security forces from violence" – even in recipient countries which have a record of internal repression.

UK officials say that a significant concession towards greater transparency in the revised text is a new provision requiring governments to submit annual reports of their arms exports.

NEWS DIGEST

TAX AVOIDANCE

Offshore life insurers act to fight disclosure move

Offshore life insurers have launched a campaign to force the government to retreat on a Budget proposal which they claim endangers client confidentiality and runs counter to the Treaty of Rome. Under the proposal, offshore life offices will have to appoint tax representatives to tell the Inland Revenue when UK residents and expatriates cash in their insurance policies. The move is designed to clamp down on tax avoidance.

However, the Association of International Life Offices, which represents 35 insurers in Luxembourg, the Channel Islands, Dublin and the Isle of Man, said the crackdown conflicts with Luxembourg's secrecy laws. Bob Easton, chairman of Ailo's tax committee, said an employee of a Luxembourg financial services company could be fined or imprisoned if they disclosed information about clients to third parties. He said this was a barrier to trade and could prevent non-UK firms from doing business in the UK. The Revenue said it had been advised it was not breaching the Treaty of Rome. **Christopher Brown-Humes, London**

FINANCIAL SERVICES

Upgrade for back office staff

The Securities Institute, the professional body for practitioners in financial services, is to upgrade the standards and status of back office staff in the sector.

Administrative staff can qualify as "affiliates" of the institute, appending the letters "SIAff" to their names if they attain one of a range of qualifications. The move takes the institute's role further from its origins as a club for former stock exchange members.

Credit Suisse Financial Products, the Swiss bank's derivatives unit, has adopted the affiliate programme as its corporate standard. Full membership will continue to require completion of the institute's diploma programme. **Clay Harris, London**

INTERNATIONAL FUTURES EXCHANGE

Board protest over fees

More than a third of board members at the London International Financial Futures and Options Exchange left the lastest board meeting and a prominent director announced his resignation in protest against changes in the fee structure affecting some traders.

David Kyte, one of Liffe's most active locals – self-employed traders who speculate on the floor of the exchange – said he was resigning from the board, and up to 10 of the 25 board members left the meeting earlier this week. Liffe said yesterday that Mr Kyte had "announced his resignation", but it had "not received a formal letter". **Samer Iskandar, London**

RETAIL BOOKSELLING

US group plans Scottish store

Borders, the US bookseller, plans to open its first Scottish books and music superstore in Glasgow this November. The opening would be after the launch of Borders' first UK superstores in London during August. The US group started its expansion last October by acquiring Books Etc, the London-based bookselling chain. Barnes & Noble, its chief US competitor, is looking for acquisitions and joint ventures in the UK. **Alice Rawsthorn, London**

THE PROPERTY MARKET

NORMA COHEN

Commerce canyons

Norma Cohen looks at the importance of skyscrapers as a corporate symbol and in the chemistry of cities

Imagine New York without the twin towers of the World Trade Centre or Chicago without the Sears Tower. What would Hong Kong be without its myriad skyscrapers set against the Peak?

Are tall buildings necessary to ensure a city's role as a leading centre for commerce and finance?

For years, this question has been vexing planners in London, a notoriously low-rise city.

Next week, the London Planning Advisory Committee will issue a report concluding that there is no evidence to suggest that tall buildings are vital for the city's future. If they are to be built, the report says, they should be limited to certain areas such as the fringes of London's historic Square Mile and Docklands.

The report, although strictly advisory, is likely to be a blow to several financial institutions who would like to occupy large central City properties and to their developers.

"Lots of tenants, particularly Americans, like tall buildings," says Peter Thornton, chief executive of Greycoat, a specialist in City office developments. "Whenever we have had a tower in our portfolio, we have found it rented out much faster than other buildings."

LPAC's report stems from the filing of a now-abandoned application two years ago to build a 90-storey Millennium Tower on the site of the bombed-out Baltic Exchange. Now, Swiss Re, the reinsurance group, has conditionally agreed to buy the site, provided it will be allowed to build a structure large enough to suit its needs.

The evolution of skyscrapers in other cities, industry experts say, is partly a function of geology. In New York, the city's bedrock of mica schist and granite made it suitable for grounding tall buildings, says Michael Dow, chairman and chief executive at the US division of consultants Jones, Lang Wootton.

Moreover, Manhattan is an island and despite valiant efforts to expand through landfill, space remains limited. "The merit of tall is that it maximises the value of very expensive land," he notes. A recently constructed headquarters building for International Business Machines in Westchester, north of New York City where land is relatively cheap, is low and wide, he notes.

Developers say that there are some pragmatic reasons why tenants appear to like high-rise buildings. First, those seeking large space find it more efficient to travel by elevator within a skyscraper than to traverse the length of a groundscraper on foot.

Also, a multi-let skyscraper can be more easily adjusted to make room for growing tenants by simply freeing up a few floors above or below existing premises.

"They like the views, they like the big floorplates and they like the corner offices," Mr Dow says.

Indeed, the predilection for corner offices among senior executives has led to interesting building design. The signature tower building at Canada Square at Canary Wharf in London's Docklands is cleverly designed to incorporate three corners in each of its four corners, trebling the number of available corner offices on each of its 50 storeys.

But there is another, more subtle, aspect to tall buildings. H. Gordon Wyllie, executive director and chief executive of the International Association of Corporate Real Estate Executives (Nacore), a Miami-based organisation of corporate tenants, says the issue is one of corporate prestige.

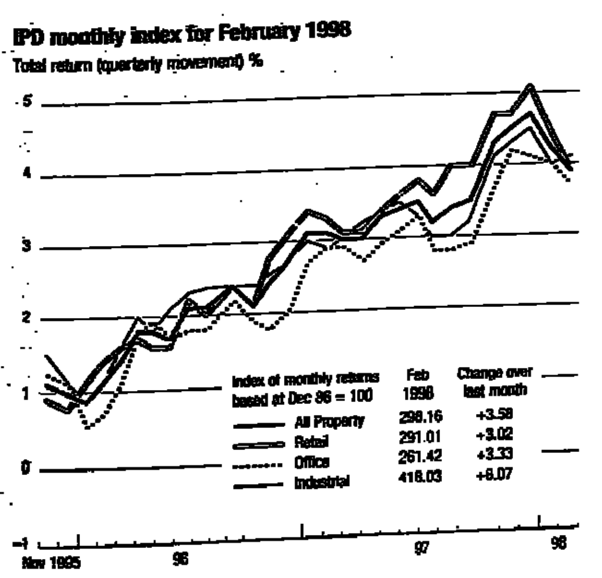
Mr Wyllie, who had headed the property services for what was then South East Bancorp, was responsible for building the bank's headquarters in Miami in partnership with developer Gerald Hines. "It was a statement. We wanted the tallest headquarters in town," he says. The Sears tower in Chicago is a similar structure.

"Tenants will pay the highest rents for the predominant address in town," Mr Wyllie says.

Skyscrapers may be, not to put too fine a point on it, a kind of corporate virility symbol. But Mr Wyllie argues that the question of whether or not tall buildings ought to be built cannot be seen in isolation from other considerations. The bigger question, he says, is what sort of city do planners wish to create.

Do they wish to encourage inner city living? Do they wish to create a downtown centre? If so, what sort of retailing facilities should be encouraged? What are the mass transit needs? The question is not whether or not to build tall buildings but the sort of environment planners hope to create. "You can't do this in a vacuum," he says.

Big buildings do change the chemistry of cities. "It's these canyons of buildings which give a city its character," Mr Dow says. "It is the high density of population which gives a city its buzz."



Industrial growth up

Industrial space achieved the strongest rate of growth of any sector of UK property in February, rising 1.5 per cent, according to the Investment Property Databank. This is the first time since March 1997 that industrials have been the top performer.

In the 12 months ended February, industrial properties produced total returns of 15.8 per cent, up from an annualised rate of return through January of 15.2 per cent. However, over the 12 months through February, industrials still underperformed the all-property index.

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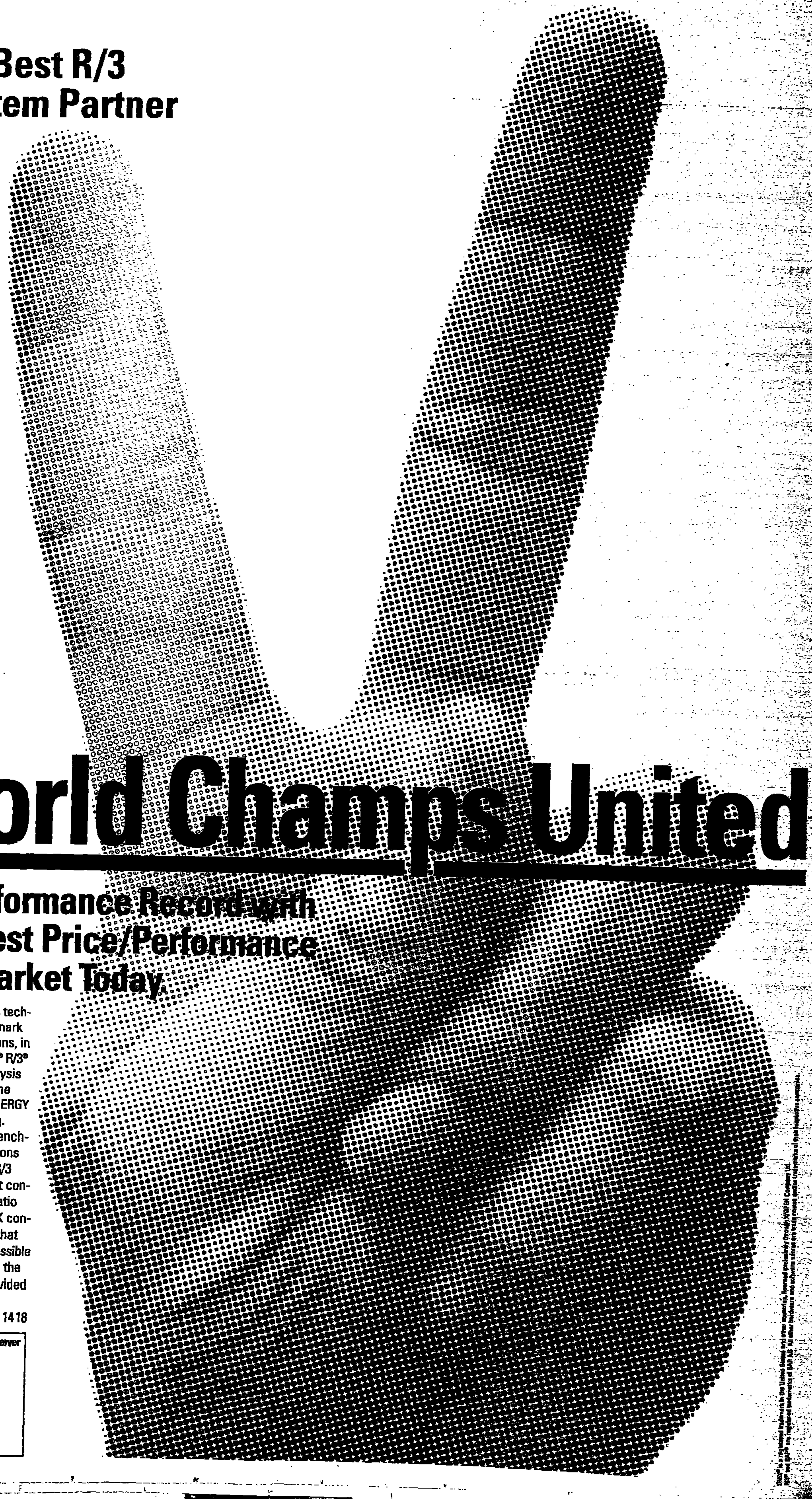

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BALLET A SWAN LAKE FULL OF SURPRISES

Deconstructed swans in miminalist chic

Clement Crisp paddles into the lake again for Petit's intriguing new version

Once more into the lake, dear friends, once more. I had lately sworn a vow (on a copy of Roland John Wiley's splendid book about Lev Ivanov) that I'd to the lake no more, unless to enjoy a wholly traditional and seriously danced version. And the only place to find that, in our swan-battered times, is at the Mariinsky Theatre. Certainly *not* in Marseilles, where Roland Petit has just staged a clever, naughty, surprising, challenging and somewhat vexing and, equally, somewhat illuminating new version of this celebrated exercise in corpse-washing at the Congress Centre, where I saw its first performance on Monday.

The sight of Asylmuratova splashing about, her shift clingling deliciously to her body, veers between the improbable and the cutely erotic

He calls it – neatly cutting the ground from under our feet – *Le Lac des cygnes et ses maléfices*. Its evil spell (the *maléfices* of his title) might be the way in which *Swan Lake* lures producers to their doom: years ago I hoped to be able to tap-dance on the grave of every ballet-master who had ruined this masterpiece. But Petit is a clever chap. He knows what *Swan Lake* is all about, and he also sees that it can stand deconstructing and shaking up, so that the pieces of the kaleidoscope may fit in a new and revealing pattern.

So – modern dress (by Hervé Léger, and very chic in a minimalist fashion) and black and white settings by Bernard Michel of a room in a château and a chalky lake-side forest that is a negative of some dark tree-haunted scene. So, too, The Man in Black (who is von Rothbart, and danced by Lienz Chang) in love with Elle (Altynai Asylmuratova, in a series of modish shifts, *sans* tutu, white feathers, point shoes – which is a wicked waste of those insteps) who is a bored beauty enraptured by The Young Man (Massimo Murru).

The Man in Black quarrels with The Young Man, who is fascinated by the swans on a nearby lake, and casts a spell on him. The Young Man obligingly turns into a swan. Elle follows him to the lake, and they declare their love. Thus the first half of the ballet. Petit surrounds his three tremendous principals with a chorus of guests who indulge in Petit's stylised walks and poses to produce an almost hallucinatory setting for the drama. The men, of course, become the swans on the lake – a conceit that Petit first showed (pre-Matthew Bourne) a decade ago. The effect is potent.

The second act begins with a ball where The Man in Black tries to seduce Elle. She wants none of him, and he transmogrifies himself into The Young Man (a trick panel in the set comes into action). This inversion of the old Black Swan duet is compounded by a horde of black swans who invade the palace. Elle is bedazzled and then horrified.

She flees to the lake, where a vision of The Young Man appears and, Ophelia-like, she drowns in its waters – a fate given a certain verisimilitude by causing the stage of Marseille's Centre des Congrès to be ever so slightly inundated. (The sight of Asylmuratova splashing about in half an inch of water at curtain fall, her shift clinging deliciously to her body, veers between the improbable and the cutely erotic. Asylmuratova is such a great artist that you believe totally in what Petit wants you to believe. Both he and his ballerina know what they are doing. The ballet ends on a note of real tragedy.)

Hallucinatory: Altynai Asylmuratova and Massimo Murro as 'Elle' and 'The Young Man'

It is, as you may judge, all very odd indeed. Yet Petit is such a man of the theatre, his dances have such a way with them, that I believed; and though the most hardened of traditionalists where *Swan Lake* is concerned, I was intrigued and moved. A favoured theme with Petit is love flawed, betrayed – we have but to think of *Carmen*, *Le Loup*, of *Camera obscura*, or of his Quasimodo. His revisionist *Swan Lake*, with its inversions of character, yet manages to find the same romantic agonies that lie at the heart of the Ivanov/Petipa/Tchaikovsky original. It is a gamble that has come off.

It is aided at every moment by the performances of Asylmuratova (so expressive, and moving with an adorable freedom) and Murru (his solo when he first assumes swan-form quite exceptional), and Chang (a darkly powerful dance-actor). The Marseille troupe is everywhere splendid.

My unease really concerns the chain-saw attack on the score, which is cut to perdition and shared between a live quartet (piano, harp, 'cello, double bass: what *that* does to the great adagios I leave to your imagination) and a not very attractive recording. It is, I suppose, all part of the deconstruction process: with anyone else it would bring down divine retribution, or at least a plague of boils. Petit, so astute in production, so vivid in imagination, and still so much in love with dance in the theatre, makes us accept even this indignity. He is a great magician.

Centre des Congres, Marseilles.

The turning-point for Royal Opera?

Andrew Clark on the challenge facing the board after Mary Allen's departure

Mary Allen's resignation as chief executive of Covent Garden is the best news to have come out of the UK's crisis-prone operatic flagship in 12 months. Although its problems have increasingly resembled a bottomless pit, this time we may finally have reached the turning-point. Allen's departure is the first sign that the reconstituted board chaired by Sir Colin Southgate realises the depth of the Royal Opera House's problems, and wants to push forward the restructuring so necessary for its long-term survival.

Wednesday's statement indicates that, like other ROH executives recently, Allen was forced to go. The board belatedly came to the conclusion that the task of running an opera house requires someone with artistic authority – a qualification Allen singularly lacked. Ever since her appointment was announced last May, as a quick-fix replacement for Genista McIntosh, she was tainted by association with the bungling regime of Southgate's predecessor, Lord Chadlington. Calls for her resignation began in earnest in December, with the publication of the Commons culture committee's report into the running of Covent Garden. She was lucky to hold out so long, and she will not be mourned.

The challenge now facing the board is to appoint a personality of proven experience who commands the respect of the UK arts community. He or she will have much the same artistic and administrative responsibilities as the ROH's first two general directors, David Webster and John Tooley – but with the additional task of restructuring the ROH in time for its re-opening in December 1999.

Finding the right person may prove more difficult than the board expects. No one of stature is likely to want the job until Sir Richard Eyre's review of opera and ballet provision in London is published and digested. Sir Richard is due to report to UK culture secretary Chris Smith on May 1. Whatever he says, any major figure would want cast-iron assurances that the board structure is to be slimmed down, that ticket prices are to be lowered and that the management can set artistic policy without interference.

The new general director will also have to contend with stringent new guidelines for Arts Council grants to companies like Covent Garden. A few hours before Allen's resignation was announced, the council's new chairman, Gerry Robinson, said all clients would in future be subject to a fixed-contract system of accountability, under which they would have to prove their artistic fitness and management viability before funds were released.

In such a climate, it is even more important that the ROH makes the right appointment. Brian McMaster, 54, director of the Edinburgh festival since 1992, fills the necessary criteria, and has the behind-the-scenes political skills. His record at Welsh National Opera from 1976 to 1991 speaks for itself. He has not ruled out another opera house job, but his contract in Edinburgh runs for another four years, and it remains to be seen whether he can be tempted to exchange the freedom of manoeuvre he has there for the year-round spotlight of Covent Garden.

Any major figure would want cast-iron assurances that the board structure is slimmed, ticket prices lowered and artistic policy set without interference

The other most-touted candidate is Peter Jonas, who recently renewed his contract at the Bavarian State Opera until 2003. When I spoke to him earlier this month, he denied making widely-reported comments that nothing in London could compare with the vast sums of money available to him in Munich. He is clearly interested. Sir John Drummond is likely to be considered too outspoken and too old for the job, though he would make an interesting stop-gap. Talk of luring people like Gerard Mortier away from high-profile jobs elsewhere is pie-in-the-sky. In operatic terms, London is the sick man of Europe, requiring an infusion of blood, and love, that Tony Blair's government seems unwilling to provide.

Tarantino takes to the stage

Victoria Griffith explains why Boston is back in fashion as a try-out for Broadway

A revival of the old thriller, *Wait Until Dark*, will open in New York next week with more self-assurance than IS customary on Broadway. That's because the play, starring the *enfant terrible* of US cinema Quentin Tarantino and film actress Marisa Tomei, is coming straight from sold-out performances in Boston, where it debuted earlier this month.

While the Boston-to-New York progression is unusual today, 50 years ago it was taken for granted. From the 1920s to the '50s, shows hit Broadway only after test runs in Boston, Philadelphia and New Haven.

Jon Platt, theatre owner and winner of two Tony awards, is now attempting to revive the old try-out system. Over the last few years, he has presented five pre-Broadway plays in Boston, including *The Diary of Anne Frank* and *Barrymore*. Riding high on the success of *Wait Until Dark*, he will take an even bigger chance in the autumn by opening two costly New York-bound musicals in Boston: *The Jazz Singer* and *Fosse*.

Wasn't it difficult to convince stars like Tarantino and Tomei to spend three weeks in the relative backwater of Boston theatre? "Not at all," says Platt. "They haven't had that much stage experience and were happy to get their feet wet away from the media glare of Broadway."

Once, most of the theatre world wanted a similar opportunity. In the 1920s, when New York theatre critics gained such sway with the public that a single write-up could make or break a production, the industry decided that opening cold in New York was too risky. Producers began to send shows to smaller cities to test their product. As spoofed by Woody Allen in the movie *Bullets Over Broadway*, theatre in the try-out cities was turbulent. Directors and stars were routinely booted out, and scenes were literally re-written overnight.

Boston, whose audiences' tastes most closely resembled New Yorkers', was the premier try-out town. In 1937, 35 Broadway-bound shows were launched in Boston. A third were abandoned before their scheduled New York debut. The original *Wait Until Dark* itself opened in Boston.

The try-out system was dropped in the 1950s, when the unionisation of theatre workers and the surging popularity of elaborate musicals boosted the price of shows. "You'd have four weeks of rehearsals for a musical, with everyone at full pay," said Elliot Norton, 94-year-old theatre critic and historian. "To break even, you needed to sell a lot of tickets. You needed a big theatre. You had to be in New York."

By the 1980s, the old formula had reversed itself entirely, with theatre fare in cities such as Boston consisting largely of watered-down versions of popular Broadway shows. Instead of Boston scaling up to New York, New York scaled down to Boston.

Platt questions the logic that led producers to abandon the old system. In fact, he thinks higher production prices make try-outs imperative. "The more expensive it is, the more you need pre-Broadway," he says. He points to Paul Simon's musical, *The Capeman*, which will close at the end of this month after just 68 performances, making it one of the biggest Broadway flops ever. "The musical's producer rejected the suggestion of a try-out because it would add about $2m in cost to a $11m show," says Platt. "He made a mistake. If I was going to spend that much, I'd want to be pretty sure it was going to work."

Some things have changed since the hey-day of pre-Broadway. Distances are shorter, news travels fast, and shows are no longer insulated from the scrutiny of New York critics during their try-out phase. A review of *Wait Until Dark*, based on the Boston performance, has already appeared in the New York Observer.

The main target of critics' scorn in *Wait Until Dark* has ironically been one of the show's biggest attractions – Tarantino himself, who gave an uneven performance as the sinister drug trafficker, Harry Roat. Despite this, Platt is convinced that New Yorkers, like Bostonians, will be drawn in by star appeal.

Platt says the success of *Wait Until Dark* and *Anne Frank* has encouraged him to keep opening shows in Boston. "You've got a sophisticated theatre audience here, with so many students around," he says. "The old theatres are beautiful, and if we find we need to make some last minute changes, we get that chance."

Quentin Tarantino: making his Broadway debut in 'Wait Until Dark'

INTERNATIONAL

Arts Guide

AMSTERDAM

DANCE
Het Muziektheater
Tel: 31-20-551 8911
Dutch National Ballet: Romeo and Juliet. Rudi van Dantzig's 1967 version, created for the DNB and set to Prokofiev's score. With sets and costumes by Toer van Schayk; Mar 27, 29

EXHIBITIONS
Stedelijk Museum
Tel: 31-20-5732911
www.stedelijk.nl
Stuart Davis (1892-1964): survey of work by the American painter often seen as a link between American modernism, abstract expressionism and Pop Art. Deeply impressed by the painters of the European avant-garde, Davis was also influenced by Afro-American jazz, and made his mark with a series of still lifes on the theme of tobacco; ends on Sunday

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Oedipus Rex and Psalmensymfonie: Stravinsky double-bill. New, co-production with the Salzburg festival, directed by Peter Sellars. The conductor is Hans Vonk, and the cast includes Willard White; Mar 28

BALTIMORE

EXHIBITION
Walters Art Gallery
Tel: 1-410-547 9000
Monet: Paintings of Giverny from the Musée Marmottan. 22 paintings produced during the last 23 years of the artist's life, when his energies were focused on painting the gardens of his estate. Photo murals and works from the museum's collection will be shown alongside; from Sunday until May 31

BOLOGNA

OPERA
Teatro Comunale
Tel: 39-51-529 999
www.nettuno.it/bo/teatrocomunale
● Don Carlo: by Verdi. Co-production with the Grand Théâtre de Genève, conducted by Eliahu Inbal in a staging by Andrei Servan; Mar 29
● Il Campiello: by Wolf-Ferrari. New production conducted by Bruno Bartoletti in a staging by Nanni Garella, with designs by Antonio Fiorentino; Mar 27, 28

BRUSSELS

EXHIBITION
Musées Royaux des Beaux Arts de Belgique
Tel: 32-2-508 3333
Magritte: comprehensive retrospective of the Belgian surrealist, celebrating the centenary of his birth; to Jun 28

CHICAGO

CONCERTS
Orchestra Hall
Tel: 1-312-294-3000
www.chicagosymphony.org
Chicago Symphony Orchestra: conducted by Daniele Gatti in works by Brahms. With violin soloist Samuel Magad; Mar 27, 28

HELSINKI

EXHIBITION
Museum of Foreign Art, Sinebrychoff
www.fng.fi
Luxury: Gold and Jewellery of Pompeii. 150 items including pendants, rings and bracelets, displayed to mark the 250th anniversary of the beginning of the excavations; to May 31

KORIYAMA

EXHIBITION
Koriyama City Museum of Art
Tel: 81-249-56 2200
Aubrey Beardsley: more than 200 drawings, prints, posters and books created during the brief period of the artist's fame. The exhibition marks the centenary of Beardsley's tragically early death, aged 25, and arrives at the V&A in October, after touring in Japan; to May 5

LONDON

CONCERTS
Queen Elizabeth Hall
Tel: 44-171-960 4242
The Tchaikovksy Experience: Roger Norrington conducts the Orchestra of the Age of Enlightenment in a weekend of concerts, using period instruments, intended to sound as historically accurate as possible. Saturday's programme includes extracts from Sleeping Beauty and Piano Concerto No. 1, with pianist Cyril Huvé. Sunday's programme includes Tatyana's Letter from Eugene Onegin with soprano Joan Rodgers, and the Pathétique Symphony. The weekend's activities include afternoon recitals by Huvé and Rodgers, as well as talks and open rehearsals

OPERA
English National Opera, London Coliseum
Tel: 44-171-632 8300
● La Bohème: by Puccini. Steven Pimlott's production is revived by Barry Atkinson and Frances Moore, and conducted by Alex Ingram; Mar 27
● The Tales of Hoffman: by Offenbach. New production by Graham Vick, designed by Tobias Hoheisel and conducted by Paul Daniel/William Lacey. Cast includes John Tomlinson; Mar 28

Shaftesbury Theatre
Tel: 44-171-379 5399
The Royal Opera: Cosi fan tutte, by Mozart. Jonathan Miller's production is conducted by Colin Davis (David Syrus on 27 Mar), with the performers dressed by Armani; Mar 27, 28

MADRID

EXHIBITIONS
Fundació "la Caixa"
Tel: 34-1-435 4833
1898, Fin de Siècle Spain: Daily Life. Historical exhibition designed to reconstruct a picture of life in Spain at the end of the last century. Painting is its mainstay – also included are books, newspapers and other objects; ends on Sunday, then transfers to Barcelona

NARA

EXHIBIIONS
Nara National Museum
Highlights of Asian Painting from Cleveland's Museum of Art: selection of 100 works ranging from the 11th-19th centuries and focusing on the figural tradition, from the CMA's holdings of Chinese, Japanese, Indian and Korean art; ends on Sunday

NEW YORK

OPERA
Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
Stiffelio: conducted by James Levine, with Maria Guleghina as Lina and Plácido Domingo as Stiffelio. The production is by Giancarlo del Monaco; Mar 27

New York City Opera, New York State Theater
Tel: 1-212-870 5570
www.nycopera.com
La Bohème: by Puccini. Conducted by George Manahan and staged by Graziella Sciutti; Mar 28, 29

THEATRE
Joseph Papp Public Theatre
Tel: 1-212-260 2400
Macbeth: by Shakespeare. George C. Wolfe directs Alec Baldwin and Angela Bassett; ends on Sunday

PARIS

EXHIBITION
Musée Carnavalet
Tel: 33-1-4272 2112
Chaumet: showcase of objects made by the Parisian jeweller from the age of Napoleon to the present. Where possible, portraits of the owners wearing them are shown alongside the jewels themselves. Highlights include the extravagant parures – matching sets of tiaras, necklaces, earrings and bracelets – created for 19th century European aristocrats; to Jun 28

Musée d'Orsay
Tel: 33-1-4049 4814
www.Musee-Orsay.fr
Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

ROME

EXHIBITION
Villa Medici
Francesco Salviati: 1510-1563. Retrospective devoted to Salviati, one of the lesser known Florentine Mannerists. Includes around 135 works. For the duration of the exhibition, there will be guided visits to see his frescoes, the most spectacular of which is in the French Ambassador's study; ends on Sunday

ROTTERDAM

CONCERTS
de Doelen Hall
Tel: 31-10-217 1700
Rotterdam Philharmonic Orchestra: conducted by Valery Gergiev in works by Debussy, Mussorgsky and Prokofiev. With baritone Dmitri Hvorostovsky; Mar 27

TOKYO

EXHIBITONS
Metropolitan Art Museum
Tel: 813-3823 6921
Masterpieces of British Art from the Tate Gallery: 100 works on loan from London, ranging from the 16th century to the contemporary and including works by Millais and Turner; ends on Sunday

TV AND RADIO

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13.30: *Business Asia*
19.30: *World Business Today*
22.00: *World Business Today Update*

● **Business/Market Reports:**
05:07; 06:07; 07:07; 08:20; 09:20; 10:20; 11:20; 11:32; 12:20; 13:20; 14:20.

At 08:20 Tanya Beckett of FTTV reports live from LIFFE as the London market opens.

PHILIP STEPHENS

The money masters

The secretive society of central bankers has accumulated great power without accountability. Citizens will demand redress

Central bankers are the masters now. Presidents and prime ministers may play at war and peace. They can prance abroad and posture at home. But money is different. Leave the politicians in charge of our money and they will debauch it. They freely admit as much. We are to put our trust instead in greyer men in darker suits.

These guardians of price stability have been tip-toeing from the shadows for some time. We know that the masterly economic management of Alan Greenspan, chairman of the US Federal Reserve, assured Bill Clinton of a second term in the White House. And the German people will surrender the D-Mark to Europe's single currency only after Hans Tietmeyer, the Bundesbank president, gives grudging assent. But, by and large, central banking remains a society as secretive as it is powerful, a profession that has always prized discretion over its public profile. The relentless accretion of power has gone largely unnoticed in the wider world.

The euro will change everything. We have heard a thousand times that economic and monetary union is a political project, a venture to bind Europe to a peaceful future. The economics was an afterthought. That's true. Yet Emu is also the final victory of the central bankers. In 11 of the European Union's 15 nations, the unique power to create money and to set the rate at which it is borrowed and lent will henceforth lie with a new central bank.

The ECB, as it is known, will have awesome authority. It will ultimately determine the living standards of 300m people in a currency zone that produces 20 per cent of the world's output of goods and services. Its president will be the most powerful man in Europe. Two men (when will there be more women central bankers?), Wim Duisenberg and Jean-Claude Trichet, are bidding for the post. One is Dutch, the other French. Both are steeped in the orthodoxy of their institutions. Both are barely known beyond them. I cannot recall a moment in history when so much power was so eagerly relinquished.

Some will say this is nothing but catching up with realities. The turning point came nearly 30 years ago when Paul Volcker, Mr Greenspan's predecessor and as famous a central banker as there has ever been, returned early to Washington from a meeting of the International Monetary Fund in Belgrade.*

The Fed thereafter got a grip on the inflation that had raged for most of the 1970s. The goal of full employment gave way to the quest for stability. After a decade of economic chaos, politicians were no longer to be trusted. Monarchs had clipped the coinage. Their successors simply printed money. It was time for the central banks to take charge.

The Bundesbank, of course, had always held a special place in the affections of the Federal Republic. It was the beneficiary of the dark memories of the collapse of the Weimar Republic. It derives its authority not so much from a constitutional guarantee of freedom from political interference but from a contract with the German people to preserve the value of the D-Mark.

France was won over to the new faith only after the failure of François Mitterrand's Socialist experiment in 1983. But it has practised since with all the zeal of the convert. Mr Trichet, who is fond of commissioning opinion polls on the subject, will tell you that the nation's politicians are not even in the same game as the Banque de France when it comes to public esteem.

The religion has spread like wildfire. In the new democracies of central and eastern Europe, an independent central bank has become the *sine qua non* of eventual admission to the rich man's club to the west. Nations as far-flung as New Zealand exult in their search for the holy grail of price stability. Even Britain, a self-appointed absentee from the vanguard of Emu and a notorious delinquent in matters of money, has given the Bank of England operational independence.

Yet Europe's new central bank represents a quantum leap. The Fed is independent within the US system of government. Even the Bundesbank can sometimes be overruled by the politicians, as it was over German unification. The ECB is being built behind impregnable walls.

The sacred text of the Maastricht treaty rules out the slightest interference by national governments. It will set its own targets for money and inflation. Its secret deliberations will be subject only to the most cursory scrutiny by the European Parliament. Even the economic and finance committee, which is to serve as the secretariat for the euro zone's finance ministers, will have a majority of central bankers. The victory is absolute.

We are told to be content with this brave new world of technocrat as autocrat. It is the way of the future. Global markets are unforgiving. Feckless politicians cannot be left to take on the bond traders. Like the citizens of Plato's Republic, we will rejoice in the rule of the philosopher kings. I doubt it.

I have nothing against central bankers. Those of my acquaintance are as engaging as they are serious. They laugh occasionally. Some will even admit they are sometimes wrong. That is not the point. Modern democracy demands that its citizens find someone to kick in times of adversity. The ability periodically to turn out the scoundrels is the essential safety valve in our societies.

The central bankers are immune to such remedies. We are told they are above politics and answerable only to the economic othodoxy of the times. Yet a group so powerful cannot indefinitely stand aloof from political discourse. They will make mistakes, sometimes grievous ones. We might recall that the Fed shouldered much of the blame for America's great depression 60 years ago. And these modern masters of the universe will never abolish the economic cycle.

If the price of sound money comes to be seen, rightly or wrongly, as permanently high unemployment, we can be sure the politicians will not take the blame. The banks have power without accountability. Citizens will demand redress. The men in dark suits will occasionally appear before this or that assembly to explain themselves. But democracy demands the people have the right to fire and hire.

Mr Volcker has remarked that central bankers can act as "a leavening influence" in the political process. He has also said that without accountability they will lose their capacity to serve a democratic society. He is right on both counts. They should enjoy their moment in the sun. Nothing is forever.

**The Central Banks, by Marjorie Deane and Robert Pringle (Hamish Hamilton), is an excellent account of the rise and rise of the central banks.*

LETTERS TO THE EDITOR

France may offer pointer to public response if euro fails to deliver

From Mr Manfred W. Resag.

Sir, Conventional wisdom does not foresee a euro scenario which does not include France, yet in this country there is a curious absence of any real public discussion over the merits of the venture.

No problem, if this were the sign of broad public consensus. But what if the issue had yet to surface in the public's mind? (After all, one still quotes prices here in "old" francs, abandoned some 36 years ago.) Little information is dispensed beyond the popular issues of conversion (how much will that be in euros?). No talk of unresolved matters like convergence and economic uncertainties in the wake of the project to sow any unwanted doubt.

Even its proponents admit that the euro offers no panacea or that it would miraculously lift the economic malaise which has bogged down the French economy for so long, much of it endured in trimming it fit for entry. As that day looms closer, the Front National, a party of the extreme right and manifestly hostile to the whole idea of European integration and monetary union, has just been endorsed by more voters than ever in regional elections. The indications are that its march to prominence has not ended.

Consider the probability that the Euro does not deliver instant bliss and that continued economic sclerosis makes it even harder for ordinary people to cope. Can anyone exclude the possibility of xenophobic extremists dictating French policy after the next elections? And what if their logic would see salvation only in a return to old values, including the pre-euro franc? Not that far fetched, maybe, when one considers the penchant for going one's own way for perceived *national* advantage with little care for consequences, much less for those of others.

In such a scenario what are the bets for adhering to today's hopeful Emu path? And what of the euro (or ever closer union) if one of its founder members' people threw it the wrecker's ball after belatedly discovering what it was all about and not liking what they saw?

Manfred W. Resag,
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France

Turkey not 'too much'

From Mr Yuksel Soylemez.

Sir, I was amused by your story, "Turkish membership 'too much for Europe'" (March 21-23). It is now beyond doubt that Germany bears the main responsibility for obstructing Turkey's entry into the EU as a full member in due course. One excuse after another had to be fabricated, none convincing so far.

Now we have a new excuse added to this long list by Mr Wolfgang Schäuble, a CDU parliamentary leader, who told a conference in Berlin that "Turkish membership of the EU might be too much for Europe and Turkey's membership could endanger the identity and the workability of the EU".

Turkey's membership of Nato, OECD, Council of Europe and other European organisations did not endanger the identity and political workability of these institutions for nearly half a century. This latest statement from a responsible German politician breaks the camel's back, or was it a Freudian slip revealing German libido against the Turks?

Somebody must explain what he really meant by "too much", apart from perhaps Mr Schäuble.

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Congress will do what it has to do

From Ms Nancy Edwards.

Sir, I'm writing to comment about your analysis piece headlined "Ill-prepared for battle: Republicans are divided about whether they can use President Bill Clinton's scandals to their electoral advantage" (March 17).

To be sure, the Republicans are divided over the question of how to handle any impeachment proceeding against President Clinton. But the reason you cite for their indecision – the president's popularity in some polls – needs to be put in perspective a bit.

Back in 1974, when the House of Representatives first started going through impeachment proceedings against President Nixon, he, too, was riding high in the polls.

But events overtook him, and, eventually, to avoid impeachment, he resigned from office. All of this talk about angst in the US Congress over impeachment is a tad premature. When the time comes, they will do what they have to do, what the constitution, in fact, demands that they do, and not cave in to absurd polls of a few hundred souls, which are mindlessly portrayed as representative of the "mood of the people".

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Only uncertainty about oil reserves running out is when

From Mr Donald McBride.

Sir, Martin Wolf used to believe the doomsters of the 1970s who said that we would shortly run out of oil. He has now gone to the other extreme if he believes, as he says he does ("Opec's last stand", March 24), that oil is not running out and is not going to do so.

Julian Simon (a professor of business administration at Maryland University who died last month) got his timing wrong when calculating how long it would take for oil to run out as he underestimated the rate of discovery of new reserves and the ability of technology to extract a higher percentage of oil from known reserves. Nevertheless, despite the present glut, it is absolutely clear that oil is a finite reserve and that it *will* run out – the only thing that is uncertain is how long this will take.

It should not be assumed that the time period for this to happen is very far away. It is likely to start becoming scarce within the next century.

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Building in need of architects' plans

The UK government's proposals for welfare reform include a few nuggets, but otherwise are virtually policy free, argues Nicholas Timmins

In May last year when Tony Blair became Britain's first Labour prime minister in almost two decades, he appointed a maverick to "*think the unthinkable*" about reforming the welfare state.

Almost 11 months on, Frank Field, a Labour member of parliament, has produced his draft proposals – in British parlance, a "green paper" – setting targets and principles that should guide the restructuring of the UK's 50-year-old welfare state.

The green paper, however, has proved to be more of a green field than a paper setting out options for reform – a document which sets out a vision of the new building the government would like to see, but which still lacks detailed architect's plans.

It is also rather late. Back in November, when the first draft was ready, it would have been a distinctly useful contribution to the debate.

Almost four months on, however, the green paper actually manages to tell the public less about what is going in welfare reform than it has already learnt from the leaking, spinning and announcements that have taken place. The great debate has long been launched, and yesterday's green paper is running to catch up with it.

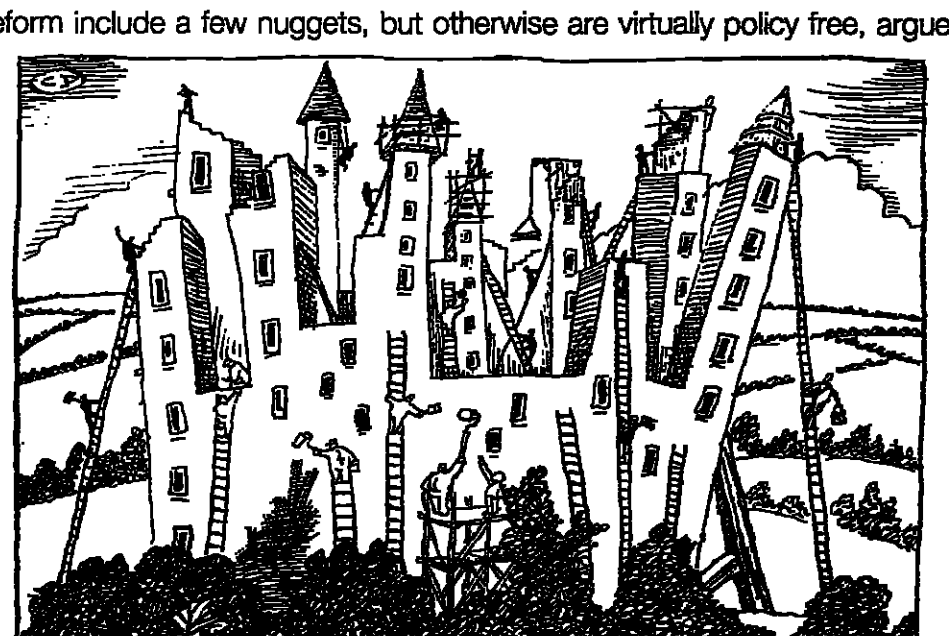
It does contain the odd *nugget of new proposal.* Incapacity benefit – the benefit for those deemed unable to work – is to be recast with a tougher judgment made of whether people are capable of some work rather than none. The new test will apply only to new claimants, but the money that should be saved will be used to boost spending on the severely disabled, which will remain non-means tested.

There is a clear indication that the government favours greater compulsion for pension saving, though the green paper manages to convey that without ever using the word. There is a call for more sickness and unemployment protection for mortgages through private cover. There is a hint that more such cover should become insurable. There is the faintest of suggestions that lone mothers may face requirements to look for work before their youngest child is 16. And there is a Delphic reference to the Budget changes to National Insurance providing "an opportunity to update the contributory principle".

But elsewhere the green paper is virtually policy free. Nowhere does it discuss the *options for reform of housing* benefit, the Child Support Agency, second pension provision or how a citizenship pension for carers might work. All await further government papers. Anyone looking for a guide to what might actually happen, as opposed to the broad direction of travel, will be seriously disappointed.

This is perhaps too harsh. Mr Field's magnum opus does have its virtues. For a start, it acknowledges for the first time on paper the complexity of the task the government is undertaking in attempting to modernise the welfare state.

Rightly, it takes a broad view of the issues, encompassing health, education and the regeneration of rotting estates as a critical component in the drive to provide the dispossessed with new opportunities. It argues powerfully for the change already under way to make the staff in benefit offices active assisters in the search for work, rather than passive providers of benefit cheques to a dependent population. It underlines the critical change in culture the government wants to see. And it contains a language of inclusion that was lacking from the previous government's policies. In addition, the easy rhetoric has gone that implied that big short-term savings could easily be made in unpopular social security to fund popular health and education services.



The paper acknowledges instead that "the UK needs more welfare, not less". It accepts that, with people living longer, "it is inevitable that provision for retirement will increase". But the government expects "that much of this increase will be delivered by private and mutual providers and that the proportion of the welfare budget *funded by the taxpayer will* not increase".

This points to more private provision – although with no hint of how the rather moribund mutuals will be revived, a key aim of Mr Field's. But a growing share of provision coming from the private sector is a road down which the welfare state has been headed for more than a decade and which the government's consultation on stakeholder pensions has already made clear is set to continue. On the green paper's own figures, private pension payouts at £30bn ($50bn) already match the cost of the basic state pension and are set to grow. The tougher questions, such as whether the government believes it should contribute to funded pensions for those unable to do so, are avoided.

At bottom the green paper's 96 pages boil down to a sentence in the prime minister's foreword – "work for those who can: security for those who cannot" – a statement that begs more questions than it answers.

Take greater compulsion for pension saving. Compulsion on whom – employers, employees or both? At what level? And how does the government plan to reconcile the conflicts between making in-work benefits more generous while requiring the low paid to save more? The budget has already extended from 800,000 to 1.3m the numbers in low paid work likely to pay marginal tax rates of 55p in the pound as benefits are withdrawn, with higher rates still for those on housing benefit or who earn enough to pay tax and national insurance. Housing benefit reform to encourage low paid work could well extend the numbers further.

Are people who face the costs of young children to be required to give up another, say, 10 per cent of gross pay to ensure they have adequate pensions? Perhaps they should be. But there is a conflict between supporting children and families in low paid work and requiring them to improve their pension provision.

There are plenty of other such balances to be struck in producing a reformed welfare state that will place more duties on people to seek work and provide more for themselves, in return for a promise of more active help to do so. These are the serious, highly debatable trade-offs of welfare reform that are already being examined in government, but on which the green paper is silent.

To reach today's publication, it is said to have gone through 38 drafts. There will be more than 39 steps before the public can judge whether the government's policies actually support the paper's ambitious rhetoric.

Silicon Valley's transplanted sapling

Graham Bowley shows how a wonder technology made a software giant out of a German start-up

What is Germany's fourth-largest company? A carmaker such as BMW? An industrial conglomerate such as Veba or Mannesmann? Deutsche Bank, perhaps? None of the above. The answer is SAP. Measured by market capitalisation, only Allianz, the insurance group, Deutsche Telekom and Daimler-Benz are bigger than the computer software company. Its shares have nearly quadrupled over the past 18 months, rising 30 per cent this year alone.

SAP has just announced its results: profits rose 63 per cent in the year to January to DM924m (£305m); sales rose 62 per cent. The bad news: next year sales are likely to grow "only" 30-35 per cent.

SAP's success has been extraordinary. It was founded in 1972 in a village near Heidelberg in southern Germany. A group of five disenchanted engineers left IBM to begin their own company called Systemanalyse und Programmentwicklung – later internationalised to Systems, Applications and Products in Data Processing, or SAP for short.

They wanted to design computer software that would link together and automate the basic processes of a company from order-taking, to manufacturing, to accounting. Its products have become the nerve centres of most of the world's biggest corporations, with more than 60 per cent of the market for "enterprise resource planning" software – the programs used by multinational companies to control their finance, logistics and manufacturing operations.

Hasso Plattner, chief executive, compares what the software can do with tasks undertaken by the central planners of the former Soviet Union. If only the Soviets had had SAP's software, he says, the USSR might have survived.

The software enables companies to plan business functions from order-processing to manufacturing and from accounting to personnel. The market is growing by 35 per cent a year, driven largely by globalisation which has spawned far-flung business empires and created the need for software to manage them. SAP can deal with different languages, currencies and regulations, vital for multinational companies such as Coca-Cola, IBM and Compaq Computer. Even Microsoft is a customer.

"SAP is a wonder. It is conquering the world," says Friedrich Boch, global strategy leader at Arthur D Little, the management consultants. "Almost every important company is more or less in its hands."

SAP's success is remarkable by any standards. But it is the more extraordinary given that other large German high-tech companies – notably Siemens-Nixdorf – have struggled to keep up with the pace of innovation. It is the only European software company that has made it the top of an industry dominated by US developers. Its main competitors are Oracle and PeopleSoft of the US.

SAP has achieved this market position by rebelling against the German corporate culture. Its headquarters have all the trappings of Silicon Valley. Employees can dress casually in jeans and arrive at all hours. The top management is accessible to other staff. After three years, employees get a company car.

The company is setting up a share option plan for employees – still rare in Germany. It also has no large union membership and there is no official union representation on its supervisory board. To cope with its rapid growth, SAP last year split the company into 15 independent business units.

'SAP is conquering the world. Almost every important company is more or less in its hands'

But Henning Kagermann, who becomes one of the joint chief executives when Dietmar Hopp, a co-founder, steps down in May, insists SAP is not like Silicon Valley in all respects. "The level of loyalty of our people, that's very important and it's a strength of the German culture. That's not there in Silicon Valley. Our turnover rate is less than 2 per cent."

But perhaps the chief reason for SAP's success has been its readiness to transform itself from a German business into an international company. "SAP was very early to go international," says Mr Kagermann. "Now we are a global company." More than 80 per cent of sales are outside Germany.

Having a presence abroad, especially in the US, proved crucial. It was able to attract talented, internationally minded programmers and managers and, by being global, it could be close to where the ideas driving its industry were being formed. SAP has set up offices in California and now wants to open up in Russia to take advantage of clever, cheap programmers there.

"At present 90 per cent of production is in Germany," says Mr Kagermann. "But we will change that. We will create production centres outside Germany. We are looking at more in the US and at Brazil, India, the UK and Moscow. The Czech Republic, Spain and France are also potential candidates."

Says Uwe Flach, a board member at DG Bank in Frankfurt: "If you had asked 10 or 15 years ago, can a German company be renowned internationally in the software area, most people would have said no. That is the domain of the American companies, of the Japanese. But now you see SAP being highly successful in the US and in Japan."

Success has not come without its woes. SAP has only recently managed to put behind it an embarrassing insider-trading scandal in 1996 that pushed it uncomfortably into the public eye and triggered a sharp drop in its shares. SAP has now been all but absolved, but the episode has left a mark on the company after bitter wrangling with Germany's share-trading authorities. It is now finding ways to improve its financial reporting: this year it is adopting stricter US accounting rules and plans to list on the New York Stock Exchange in August.

As the recent results show, SAP is nearing the end of its phenomenal period of growth. Much of its business has been generated by the need to change computer systems over to European economic and monetary union and by the year 2000 "bomb". Other parts of its business software market seem to be saturated and SAP is now starting to target smaller companies.

The moral of the story, though, remains clear. SAP went for a growing market and grabbed a big share of it. It did so by acting in a thoroughly non-German manner. And now, other big German companies, such as the carmakers described opposite, are following suit.

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Netanyahu's diversions

Dennis Ross, the US's tireless Middle East peace envoy, arrived in Jerusalem yet again yesterday, carrying a long-awaited US proposal aimed at breaking the deadlock in the Oslo peace process.

There is still no agreement on the amount of land Israel should evacuate in the second pullback of its troops from the West Bank, now long overdue. Meanwhile the building of new Israeli housing on Arab land continues.

The Palestinian economy, cooped up in the Gaza strip and a string of disconnected enclaves in the West Bank, continues to wilt in virtual isolation. According to the World Bank, per capita real incomes have dropped by at least 20 per cent since Israelis and Palestinians agreed their Declaration of Principles in 1993. Palestinian employment in Israel has dropped from a daily average of 116,000 in 1992 to 35,000 last year, while unemployment in the West Bank and Gaza has risen from 13 per cent to about 31 per cent. Private investment has slumped from 19 to 10 per cent of gross domestic product.

Not surprisingly, both Palestinians and the wider Arab world have lost faith in the peace process. It desperately needs a shot in the arm which only Israel can give it. That is what Mr Ross will tell Benjamin Netanyahu, Israel's prime minister, as every visiting dignitary from Robin Cook to Kofi Annan has done.

Mr Netanyahu is unwilling, perhaps unable, to agree to the pullback from 13.1 per cent of the West Bank which he knows the US plans to suggest. So he has resorted to diversionary tactics.

He has offered a withdrawal from Lebanon, if Lebanon will agree to guarantee the security of Israel's northern border. Yet it is 20 years exactly since the UN security council instructed Israel to withdraw unconditionally from Lebanon, while putting a peacekeeping force on the ground as a buffer between Israel and the Palestinian guerrillas who then threatened it.

The Palestinian guerrillas have long since departed, only to be replaced by an indigenous Islamic resistance against Israeli occupation. If Israel withdrew, this resistance would lose its raison d'être. But Mr Netanyahu knows that Lebanon can give him no guarantees until there is a peace treaty, and can sign no peace treaty until Syria does so as well. Yet he obstinately refuses the land-for-peace deal on the Golan Heights which alone would make peace with Syria possible.

Now he is throwing more sand in the world's eyes with an offer to give the Palestinians a continuous belt of territory in the West Bank, without specifying how much land would be involved. Moreover it would be a pullback in phases, which Israel could halt at any time; and the third pullback, which was supposed to happen by the middle of this year, would be carried out only during the "final status" negotiations, giving Israel a stranglehold over Palestinian negotiators during those talks.

These are not peace offers but stalling devices, enabling Mr Netanyahu's government to put off the hard choices required for peace. Neither the US, nor those many Israelis who sincerely want peace, should let him deflect them from the real issue.

US sanctions

At last, some good may come of Asia's economic troubles. Or so the White House hopes. It believes the impact on world energy demand may spare it an agonising decision on whether to risk its allies' fury by applying US sanctions legislation to foreign companies planning energy deals with Iran.

The US calculation is that falling energy prices may lead to cancellation of the projects, in which Total of France and Bow Valley of Canada are leading investors. Washington may be clutching at straws. But its readiness to expose its thinking in public is a welcome sign that it recognises how big a problem the ill-conceived Iran-Libya Sanctions Act has created for US foreign policy.

Another positive omen is the recent US resumption of humanitarian aid to Cuba. The decision is a small step. But it suggests Bill Clinton may finally be summoning the courage to stand up to the fanatically anti-Castro elements in Congress responsible for the Helms-Burton act, another misguided sanctions weapon, aimed at foreign investors in Cuba.

How far Mr Clinton will succeed in caging the two laws is uncertain. But at least the international outrage they have provoked appears to be prompting a longer-term effort by the US to kick its growing addiction to unilateral sanctions. The policy is now being reviewed by the State Department, while influential Congress members are backing a bill designed to limit recourse to sanctions in the future. US business leaders, meanwhile, are campaigning vigorously for the same broad objective.

There is growing evidence that unilateral sanctions harm US interests far more than their ostensible targets. According to one estimate, in 1995 alone they cost US companies almost $20bn and affected 200,000 US workers. Secondary sanctions laws, such as Helms-Burton, have antagonised America's friends. By enacting them, Washington has encouraged US states to pass similar legislation, threatening its control over foreign policy.

Allies of the US should applaud its re-think of sanctions policy, and support efforts to rationalise it. But they should also maintain firm pressure on Washington to remove the objectionable provisions of its legislation against Iran, Libya and Cuba. As long as these laws remain in force, and continue to create needless international friction, the task of restoring sanity to US policy will remain uncompleted.

Policy paralysis

"Never mind the detail, look at the size", was the message from the leaders of Japan's ruling LDP party as they launched their latest economic stimulus package yesterday. And at 16 trillion yen (£74bn) the size was indeed impressive. But the lack of any details of how the money would be used, or even how much of it was really new, reveals that Japan's policy paralysis is worse than ever.

We do know that the package will be heavily weighted toward spending on infrastructure. Although changes in income and company taxes are nominally on the agenda for discussion, in reality any tax cuts are likely to be very narrowly targeted.

The reasons for this are clear. Mr Hashimoto has staked his political reputation on cutting the fiscal deficit. The announcement of big tax cuts would be an admission of failure.

This July's election is also a factor. Unlike tax cuts, infrastructure spending allows the government to target the money to help its election prospects.

But it is an inefficient way of boosting the Japanese economy. Japanese infrastructure is well-developed, and money is now pouring into less and less efficient projects. Tax cuts, which would allow individuals to make their own spending decisions, would be more efficient.

The most interesting thing about the package, though, is what it reveals about the state of Japan's LDP. Over the past few months, the LDP has taken the initiative for economic policy-making away from the once all-powerful Ministry of Finance. The ministry, blamed for Japan's economic woes, has found itself stripped of many of its powers and under investigation for corruption. In the meantime, most of the economic packages that have been announced have been LDP initiatives.

But the LDP has shown itself unready for this new responsibility. It is riven by factional splits. The lack of detail in the economic package is a direct result of rows within the party over policy. And Mr Hashimoto has not intervened to provide his party with leadership, partly because he is preoccupied with keeping the coalition together.

This economic stimulus plan has much in common with the 30 trillion yen package to help the financial sector. Both show that the government is able to find the money to help the economy, but is directionless when it comes to deciding how to use it. This does not bode well for Japan's recovery.

Germany revs up

The country's industry is stirring. On this page, Haig Simonian looks at the turnround in car manufacturing. Opposite, we look at a fast-expanding software group

Five years ago, Germany's three big carmakers were in a mess. Once emblems of their country's engineering prowess, Daimler-Benz, Bayerische Motoren Werke and Volkswagen had become symbols of what was wrong with German industry. High costs, bloated bureaucracies and inflexible working practices made their cars perfectly engineered, flawlessly efficient – and uncompetitively expensive.

In world markets, especially the vital US one, more nimble Japanese rival companies such as Toyota's Lexus luxury cars subsidiary appeared to be offering better quality at almost half the price. Even as recently as last year, the new, small Mercedes was toppling over at the merest sight of an elk.

Today, the same companies – like many German engineering groups – are almost unrecognisable. Their transformation has been underlined by glowing financial results for 1997. All have just reported record profits on the back of soaring sales, and all have raised their dividends steeply (to share their progress with shareholders). Even Porsche, smaller and more specialised than its three counterparts, has moved from the brink of bankruptcy in the early 1990s to become one of the brightest stars on the German bourse.

And more is in store. Ferdinand Piëch, VW's chairman, said this week that factory bottlenecks were the only constraint on unit sales rising by more than 10 per cent. Reflecting their greater confidence, BMW and VW are vying to buy Rolls-Royce Motor Cars, the UK luxury cars group put on sale by its parent company Vickers last November. Daimler-Benz, once also tipped as a bidder, says it will concentrate on building its own Rolls-Royce rival, the Maybach. But some observers believe it is bluffing in the race to win one of the world's last remaining independent car brands.

How have Germany's carmakers performed such an extraordinary turnaround? Will it last? Or, having defied the sceptics, do they now risk repeating the mistakes of the past through complacency?

Change has come in three ways. Two of them – cost cutting and better products and marketing – have been initiatives from companies themselves. The third, the weaker D-Mark, has been a fortunate accident that has allowed the Germans to boost exports, notably in the US, their biggest overseas market.

Tougher cost controls have been the most important factor in German resurgence. That has come partly through heavy investment in more efficient capacity. VW has built gleaming new plants in the former east Germany while modernising its venerable Wolfsburg base. At Porsche, Wendelin Wiedeking, the new boss, was so appalled by its antiquated production methods he called in Japanese experts to re-engineer the operations.

The carmakers have also learned to squeeze suppliers, albeit a little later than some of their foreign rivals. With raw materials and components accounting for up to two-thirds of a vehicle's cost, paying less for parts is one of the quickest ways to improve earnings.

How they have gone about it has differed. VW most controversially hired José Ignacio López, the worldwide head of purchasing at General Motors, as its supply and procurement supremo. Poaching Mr López triggered a bitter legal row with the US group over alleged industrial espionage. The others have been more circumspect, but hardly less successful. All now depend much less on costly, often German, suppliers in favour of cheaper sources. Their efforts have, in turn, forced German suppliers, such as Robert Bosch, the world's biggest independent car parts group, to become more competitive.

Central to the improvements has been better control of labour costs, German industry's biggest handicap. Saddled with some of the highest wages and most generous social benefits in the world, along with lavish holidays and one of the shortest working weeks, Germany's engineering sector has had to streamline or die. Quietly since the early 1990s, every carmaker has negotiated efficiency improvements and job cuts with its unions. The deals, made on a company – and often individual plant – basis, have not always attracted publicity. But the result has been to raise productivity significantly. Output per employee at Audi, VW's subsidiary, rose by 45 per cent between 1993 and 1996, while that at BMW, VW and Porsche has increased by more than a third.

Some of the deals have been byzantine. At VW, where overmanning was most chronic but the opportunities for drastic cuts most restricted because of the state government's minority stake, a complex "working time shareholding system" has been introduced, in which workers can trade work time for leisure. The scheme allows VW to use staff much more flexibly, while encouraging older, costlier, workers to take early retirement.

The Germans have also smartened up their marketing to match their more exciting products

Such gains would not have been possible without the wider political changes reshaping Germany and eastern Europe since the collapse of Communism. The transformation of Germany's eastern neighbours into market economies has provided valuable new sales. More importantly, it has provided German industrialists with the means to extract significant concessions from their own labour forces.

When Daimler-Benz was examining possible sites to build its revolutionary A Class small car in the early 1990s, only one German location made the shortlist. In the end, it was the surprise choice – but only after the unions agreed to far more flexibility than at the group's existing German plants. Since then, many of the changes have been phased in elsewhere.

The shift has been most striking at VW. Almost all Audi's engines now come from a spotless new plant in Györ, western Hungary. Workers there earn about one-sixth of the rates in Germany. Later this year, Audi will also start assembling cars in Hungary, underlining the quality, as well as the low cost, of workers there. VW, meanwhile, has shifted production to Slovakia and to its plants in the former east Germany, where wages are up to a quarter lower than at Wolfsburg.

Better product development and marketing have been the Germans' second tool. The change has taken many forms. Product development times have been accelerated, while overall costs have been cut by building more variants off the basic engineering structure – known as a platform – for each new car. Such engineering rationalisation has been combined with an explosion in the manufacturers' model ranges to cover more niches. Daimler-Benz, once known for its stuffy limousines, now makes sports cars, off-road vehicles and even nippy commuter runabouts.

At Daimler-Benz, that growth has been accompanied by much greater cost consciousness in a group "where cost was once thought of as an incidental byproduct of constructing the best car in the world", says Keith Hayes, an analyst at Goldman Sachs. He reckons the replacement for the company's flagship S Class limousine, due this year, will be DM8,000 more profitable per car than the previous model. Profits per unit on the cheaper E Class rose by DM3,550 when it was replaced in 1996.

The Germans have also smartened up their marketing to match their more exciting products. Film tie-ins, such as BMW with the James Bond series, or Daimler-Benz with Steven Spielberg's *Jurassic Park* successor, would have been inconceivable a few years ago. Advertising now features more than just typically teutonic attributes of quality and reliability.

For all these achievements, carmakers cannot afford to relax. Few believe the future for German manufacturers will be as comfortable as a cruise down the Autobahn in an S Class.

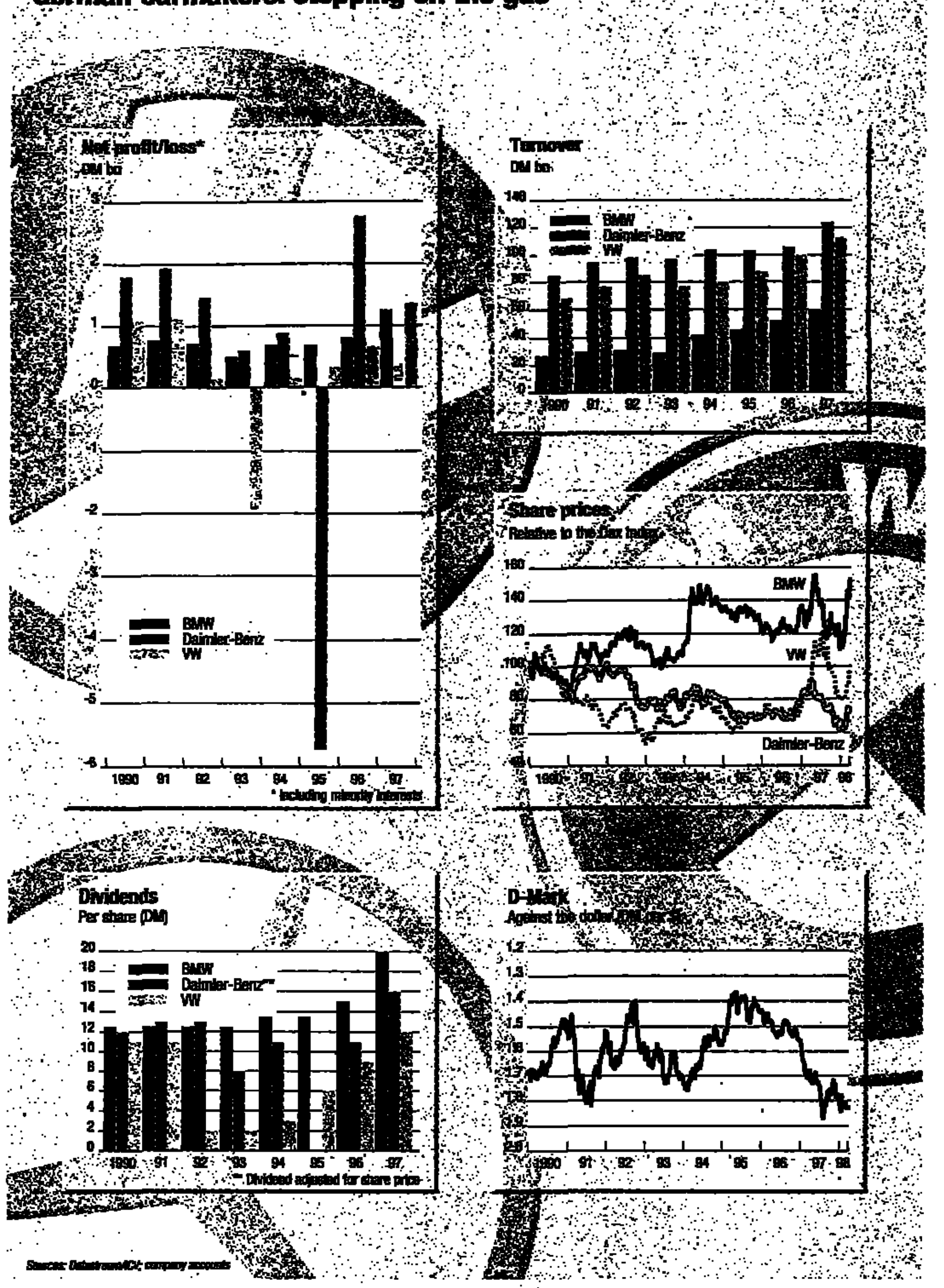
Carmakers face three challenges to their hard-won improvements. The first will be to avoid undertaking too much. Mr Piëch wants to raise VW's range from 36 to 51 models by the end of the century – a tall order, even for a group with VW's engineering resources. Daimler-Benz has learned that to its cost. The company is still living down last year's embarrassment of its overturned A Class in an "elk test" lane-change manoeuvre.

Although the impact on sales may be less severe than first thought, the six-month delay for the car to be re-engineered will hit profits this year. Chastened by the experience, the company delayed the launch of the even smaller Smart, made with Switzerland's SMH watches group, by a similar six months.

The second danger is that rising profits and booming sales may tempt some companies into *folies de grandeur*. No one expects Jurgen Schrempp, Daimler-Benz's no-nonsense chairman, to rebuild Mr Reuter's empire. But bursting coffers could prompt injudicious expansion. And though BMW, which supplies the engines for Rolls-Royce's new model launched last month, could probably make a case for buying the UK group, the benefits to VW's shareholders are less obvious.

The biggest risk for the Germans, however, is the least easy to define. After being forced to reassess themselves so thoroughly in the early 1990s, Germany's engineers were kicked into action. The gravest danger they now face is to allow their current success to breed complacency. That could blind them to the dangers of tomorrow.

German carmakers: stepping on the gas



Source: Datastream/ICV; company accounts

OBSERVER

Brokers play the blame game

With less than a week to go before Big Bang, a new game of nerves is being played in Tokyo's brokerage world: commission price wars.

Fund managers and brokers have been huddled in corners, engaged in animated discussions about how to price commissions on equity trades over Y50m when government controls are lifted on April 1.

In the old days, there would have been a tacit pact between Japan's biggest brokers. But such cosy collaboration isn't so easy now that Merrill Lynch, Morgan Stanley and Goldman Sachs are among Japan's top five brokers in terms of market share on the Tokyo Stock Exchange.

Japanese brokers are complaining that they are being "forced" into big price cuts because US houses are threatening to undercut them – it's always convenient to have foreigners to blame when things aren't going your way. In any case, the foreign houses insist that they are being "forced" into cuts to avoid being undercut by the likes of Nomura Securities.

Whatever the truth of the matter, it's about to be much more fun being a client than a broker in Tokyo.

Notes taken

More red faces at Yamaichi. Apparently Y24m in cash was lying around in the Sendai branch of Japan's fourth largest broker ready for a customer to pick up – such an arrangement is not unusual in a country where it's still relatively unusual to own a credit card. Despite being surrounded by staff, the bag was carted off in broad daylight.

Plastic bags of folding stuff seem out of tune with a whizzy modern financial system about to experience its own Big Bang – though the episode is in keeping with Yamaichi's recent tradition of losing large amounts of money.

Handed down

The job of Intel chief executive isn't the first thing Craig Barrett has inherited from Silicon Valley colossus Andrew Grove.

When Intel built its new California headquarters, the famously thrifty Barrett apparently disagreed with Grove's desire to have the executive suite fitted out with pricey new furniture. Eventually, Grove got the new furniture, and shipped the old kit from his own office out to Barrett's base in Arizona.

Barrett lives in Phoenix, has his office locally and commutes to Silicon Valley when he needs to. The rest of the time he's on his Montana ranch hiking, camping out or indulging his passion for fly-fishing. It's not clear yet whether the price of his latest promotion is a move from his Arizona fastness.

Press trust

Stay tuned for changes in Indian broadcasting. The new Bharatiya Janata party government is determined to arrest what it sees as a disturbing lack of "commitment" to Indian culture on television. Mukhtar Abbas Naqvi, minister of state for information and broadcasting and the Hindu nationalist party's sole Moslem MP, says "increasing obscenity" and westernisation in TV advertising "have to stop".

Interviewed by the Asian Age newspaper this week, he said all private-sector satellite television channels – including, presumably, the UK government-owned BBC as well as CNN and Rupert Murdoch's Star TV – should be "uplinked from India so that we can have control over what they show".

Naqvi also wants a new international channel, to show the "true picture" of India. "It will be unlike what is shown on BBC or CNN. This channel will not term Hindus as terrorists or fundamentalists, or use phrases like Moslem fundamentalists," he explained, suggesting that the BBC and CNN had referred to the BJP as Hindu fundamentalists.

Naqvi is also proposing sweeping changes in the board governing the national TV network. Out will go members who "spend most of their time abroad". In will come "people who are attached to the Indian culture, Indian soil".

Presumably just as attached as the new satellite uplink stations that Star, the BBC and CNN may have to install before too long.

Best guest

Bill Clinton dines tonight at Anglo American's swanky Vergelegen wine estate – it means laid far away, since you ask – in South Africa's Cape Winelands. But he's unlikely to be comparing diaries with his hosts about when they'll be making their return visit.

Executives of Anglo and its associate De Beers steer well clear of the US these days in case they are arrested over Uncle Sam's suspicions of price-fixing in the industrial diamond market.

The Americans have put some noses out of joint in the Cape this week by demanding that ancient trees be cut down to make room for the presidential helicopter. But Vergelegen's centuries-old camphor trees have survived, so Clinton will be able to enjoy his after-dinner stroll. It may be some time before Anglo directors take a turn round the White House Rose Garden.

Cash point

Last year, Hungary's government had to rescue Postabank, the country's second largest commercial bank, after a run on deposits. But it didn't change the management or insist that the ramshackle business – subsidiaries include newspapers and stationery shops – be slimmed down.

Postabank continued to lose money, and yesterday finance minister Peter Medgyessy announced that it was to get another $115m of public funds. But he said the government would not be trying to "determine who was responsible for the situation". A relaxed approach, given that government bodies own about 45 per cent of the shares.

The Financial Times 100 years ago

Telephones Teem in America
In the United States a telephone appears to have become as necessary an adjunct to a house as a lounge or a rocking chair. The figures given by the last statement of the American Bell Telephone Company show that there are now 475,390 complete telephones in use, which, on an estimated population of 73,000,000 persons, means a telephone for every 154 persons in the United States. And this does not include the thousands of instruments in use which are not controlled by the Bell Telephone Company. In London matters are very different. Even a messenger boy has been known to carry a note to its destination in less time than it takes to "get through" on the National Telephone wires.

A Treaty Port In The Far East
Peking, 27th March. To-day M. Pavloff, the Russian Charge D'Affaires, signs the agreement with China regarding the lease of Port Arthur and Talienwan to Russia. Port Arthur is to be handed over to-morrow. Kin-Chau remains Chinese, but the Russians will establish a small station in the environs. China retains sovereign rights over Port Arthur and Talienwan, which will be open to warships of all nations. Regarding the Customs dues at Talienwan, the Russians, as expected, reserve the right of collection.

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THE LEX COLUMN

Unstimulating

Japan's economic stimulus packages are now running at the rate of about one a month. But news from companies and the economy just gets worse and worse. How much difference will the latest Y16 trillion package make? So sparse are the details, it is difficult to tell. How much new spending will there actually be? Will any of it go towards tax cuts? It could be weeks before the detail is known.

Solving Japan's structural problems is a project for decades, not months. Meanwhile, there is a decent case for short-term stimulus measures when the economic is so weak. Alas, the package's focus on public works is not encouraging. Notoriously, these projects are aimed at securing votes for the Liberal Democratic party rather than boosting growth. And they have a very modest multiplier effect on private investment patterns. It is doubtful, even, whether they will boost share prices much, the other aim of LDP politicians. A big fiscal stimulus had been widely discounted.

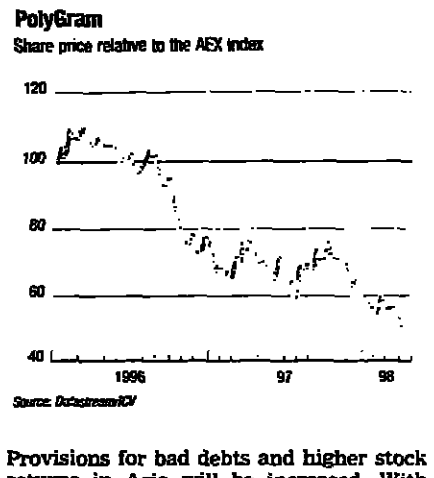
What might give the package greater impetus is the supportive role of monetary policy. The Bank of Japan is printing money at a hefty rate, evidenced by its assets growing 42 per cent in the year to February. So far, this is barely spilling over into the economy. But in time some spillover is likely. This is a recipe for yen weakness, and will not help bonds either. Ultimately equities should be the beneficiary, but it is still too soon to be buying.

PolyGram

For a go-go media stock PolyGram is remarkably slug-like. Yesterday's profits warning is the third since 1995 to whinge about weak release schedules and slow markets. Even in a hits-based industry, PolyGram is a singularly unpredictable investment. In 1997, for example, while Time Warner and Sony Music suffered from the slowdown in global music sales, PolyGram notched up a 9 per cent increase in net income. And in January this year, when arch-rival EMI ailed in Asia, PolyGram displayed *Schadenfreude*; in the process it went far towards restoring investor confidence in the group.

Yesterday's 7 per cent fall in PolyGram's shares – taking their underperformance against the Dutch market since 1996 to 50 per cent – reflects disappointment that all was not well after all.

PolyGram
Share price relative to the AEX index



Source: Datastream/ICV

Provisions for bad debts and higher stock returns in Asia will be increased. With some 16 per cent of sales in Asia, PolyGram's exposure is considerable. And a thin-looking release schedule for the rest of the year is hardly encouraging given the state of the global music industry. Growth has slowed as the shift to the CD format tails off. And increases in discount pricing and higher marketing and artists' costs have also squeezed margins.

PolyGram's move to reduce its dependence on cyclical music sales by ploughing cash into its Hollywood film business is risky. With breakeven not expected until 1999, shareholders should probably not take too much on trust before that point.

UK welfare reform

Tony Blair's first stab at reforming the welfare state is encouraging. The core values – the work ethic and thrift – are welcome from a Labour government. The more people can be persuaded to work instead of relying on handouts and the more they save instead of receiving state pensions, the better. In the long run, this should boost the economy's productive capacity and put a cap on taxes. Other European countries, whose welfare budgets are mushrooming, should take note.

The UK already has an edge in that the state's pension liability was substantially cut during the Thatcher era. The most meaty proposals yesterday focused on encouraging those with minor disabilities back to work. With 1¾m people now receiving incapacity benefit – three times the number 20 years ago – this is no side issue. This scheme complements last week's tax reforms intended to give the unemployed an incentive to work rather than stay on benefits.

Elsewhere, the government's plans are fuzzy. The idea of a "stakeholder pension" is as yet mainly rhetoric. And the government has missed a trick by not encouraging later retirement: that would be an effective way of defusing the demographic timebomb. Meanwhile, the government's targets – like increasing the number of working-age people in work – are not quantitative and are expected to be achieved over 10-20 years. Long-term plans are all well and good. But if the government wants to win credibility, it should be much more specific.

Next

Next had been scooping the retail Oscars. Sceptics were battered into submission by the company's relentless growth. It was no wonder that when the crash came it was so spectacular. And by Next's standards, an 8½ per cent fall in like-for-like sales was more than just the "minor hiccup" the company claimed it to be – more the retail equivalent of the Titanic hitting the iceberg.

It is of course true that one bad season does not a bad company make. And what really scared the market was, after all, only a six week trading period. Still, the 24 per cent fall in the share price was not unjustified. Profit forecasts have fallen by around 20 per cent, and a de-rating is clearly appropriate if growth is to slow. The company itself concedes that future like-for-like sales growth is more likely to be 5-6 per cent, rather than 8-12 per cent as in the past.

Those hoping for a quick recovery in the share are likely to be disappointed. The post-mortem will be protracted, and will weigh on the share price. The central issue is whether Next's growth targets are too ambitious. Arguably not. The key issue is the quality of space, rather than quantity. Moreover, Next remains a powerful brand and the company's retail skills have not disappeared. It will also soon gain the considerable skills of Sir Brian Pitman, incoming chairman, not a man accustomed to failure. But investors will be forgiven if they wait for Next's strengths to show up in the numbers.

US has stake in success of S Africa, says Clinton

By Victor Mallet in Johannesburg

President Bill Clinton yesterday told South Africans that the US – for economic, strategic and moral reasons – had a "profound and pragmatic stake" in the success of their multi-racial democracy.

"America wants a strong South Africa. America needs a strong South Africa and we are determined to work with you as you build a strong South Africa," he told parliament in Cape Town after he and his wife Hillary met President Nelson Mandela and his partner Graça Machel in front of Table Mountain.

It is the first time a serving US president has been to the country and Mr Clinton's four-day visit is the centrepiece of his African tour.

His speeches and those of his South African hosts were thick with comparisons between American and South African democracy following the end of apartheid and the first multi-racial South African election in 1994. Both countries want South Africa to be at the forefront of an "African renaissance" to strengthen democracy and strengthen economic growth.

"I am deeply honoured to be the first American president ever to visit South Africa and even more honoured to stand before this parliament to address a South Africa truly free and democratic at last," Mr Clinton said.

"The courage and imagination that created the new South Africa and the principles that guide your constitution inspire all of us to be animated by the belief that one day humanity all the world over can at last be released from the bonds of hatred and bigotry."

Mr Clinton also had a practical message, emphasising the importance the US attaches to economic ties with South Africa and to co-operation on arms control and the reduction of crime, drug trafficking and terrorism.

He acknowledged that Africa was still plagued by poverty and war. "But from Cape Town to Kampala, from Dar es Salaam to Dakar, democracy is gaining strength, business is growing, peace is making progress."

Accompanied on his African tour by business executives and commerce officials, Mr Clinton has put the emphasis on trade rather than aid and sought to portray Africa as an equal partner. But South African leaders such as Thabo Mbeki, deputy president, have criticised an approach which threatens to put weak African economies at a severe disadvantage.

They are particularly wary of a trade bill being discussed by the US Congress that is supposed to open American markets to African exporters, but only if they meet various US political and economic conditions.

Another contentious issue is a South African law that US pharmaceutical companies say allows the health ministry to threaten their patent rights in offering cheap medicines to patients.

Nor are South African leaders – some of them communists – entirely comfortable with Mr Clinton's praise for past US efforts to end apartheid. The ruling African National Congress was supported by Moscow in its guerrilla war against white rule, and its members are irritated by US disapproval of their relations with countries such as Cuba and Libya.

There were demonstrations against US foreign policy in Cape Town, Pretoria and Durban.

Observer, Page 13

Confusion over $125bn package to stimulate Japanese economy

By Paul Abrahams and Michiyo Nakamoto in Tokyo

Japan's ruling Liberal Democratic party yesterday unveiled a Y16,000bn ($125bn) package of measures to stimulate the economy but failed to explain how much of it was new or how the money would be spent.

Taku Yamazaki, the party's policy chief, said new expenditure had yet to be determined and that no decision had been made on how the package would be funded. Its main thrust is aimed at public works spending.

Brian Rose, economist at SBC Warburg in Tokyo, said: "There is no way to evaluate the economic impact of these measures until we know how much is new. It's typical – the LDP builds up expectations and then they go: 'Boo! Fooled you again!'"

Mr Yamazaki said it would take about a month to finalise the measures, which are aimed at resuscitating Japan's recession-plagued economy. The LDP said the package would answer all the criticisms about the country's economic management raised by its trading partners, particularly the US.

Japan's gross domestic product is expected to contract this financial year, for the first time since 1974. Imports are falling at a time when other countries believe Japan should be helping other Asian countries through their current crisis.

The lack of detail indicates that the row within the LDP about whether to cut income tax is still unresolved. To fund this, the government would have to issue deficit-funding bonds, a move made illegal last year by legislation promoted by Ryutaro Hashimoto, the prime minister. He is backed by Mr Yamazaki, who has stressed that public works spending can be funded legally by the issue of construction bonds.

But Koichi Kato, the LDP's secretary general, is keen to use cuts in personal tax to boost the economy, an objective favoured by the US. He said yesterday that Mr Hashimoto had agreed to convene the LDP fiscal reform committee to review the issue. Analysts said a decision to cut income taxes might be taken shortly before July's upper house elections.

Opposition politicians criticised the decision to use public spending rather than tax cuts as being driven more by politics than by economics.

Among the outline measures was a suggestion that trust banks should be allowed to invest postal savings and insurance funds in the stock market. An unconfirmed report on Kyodo, a local newswire, said the government was proposing to inject as much as Y1,000bn of postal savings and insurance premiums into the stock market next Monday and Tuesday as a boost.

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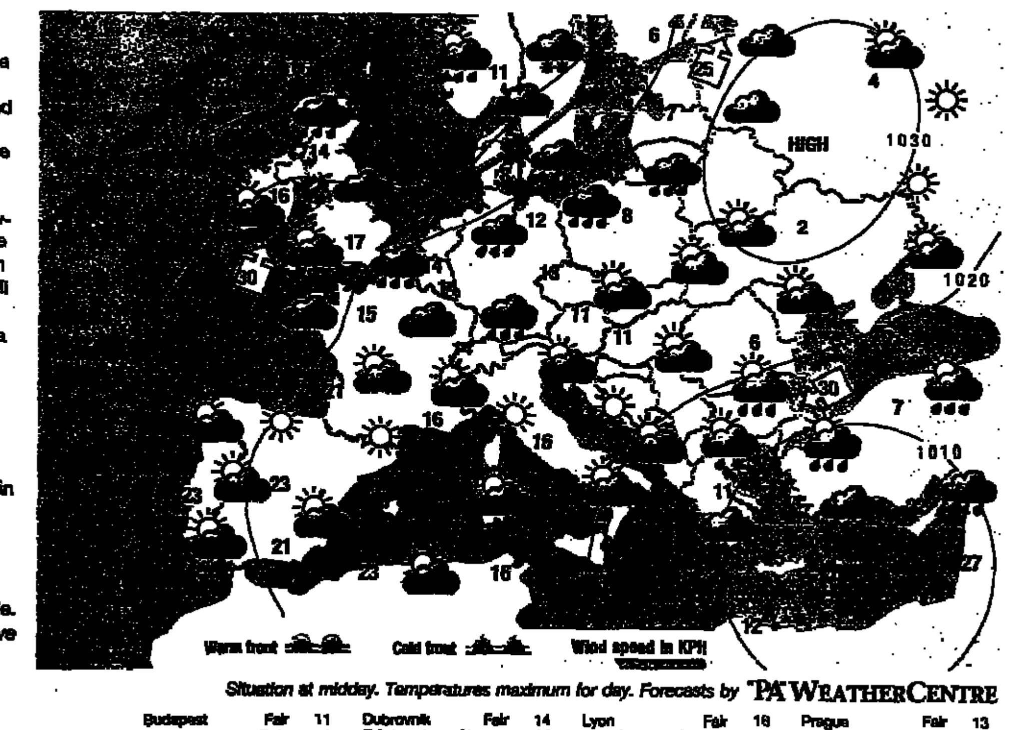
FT WEATHER GUIDE

Europe today

The extreme south-east of Europe will be cold with heavy showers and some long periods of rain and mountain snow. The central and western Mediterranean will be fine and warm with sunshine, but south-west Spain and southern Portugal will have scattered showers. Southern and western France will be dry and bright, but eastern France and the Low Countries will have some rain at first. Germany, southern and eastern Scandinavia and the Baltic states will have a dull day with spells of rain.

Five-day forecast

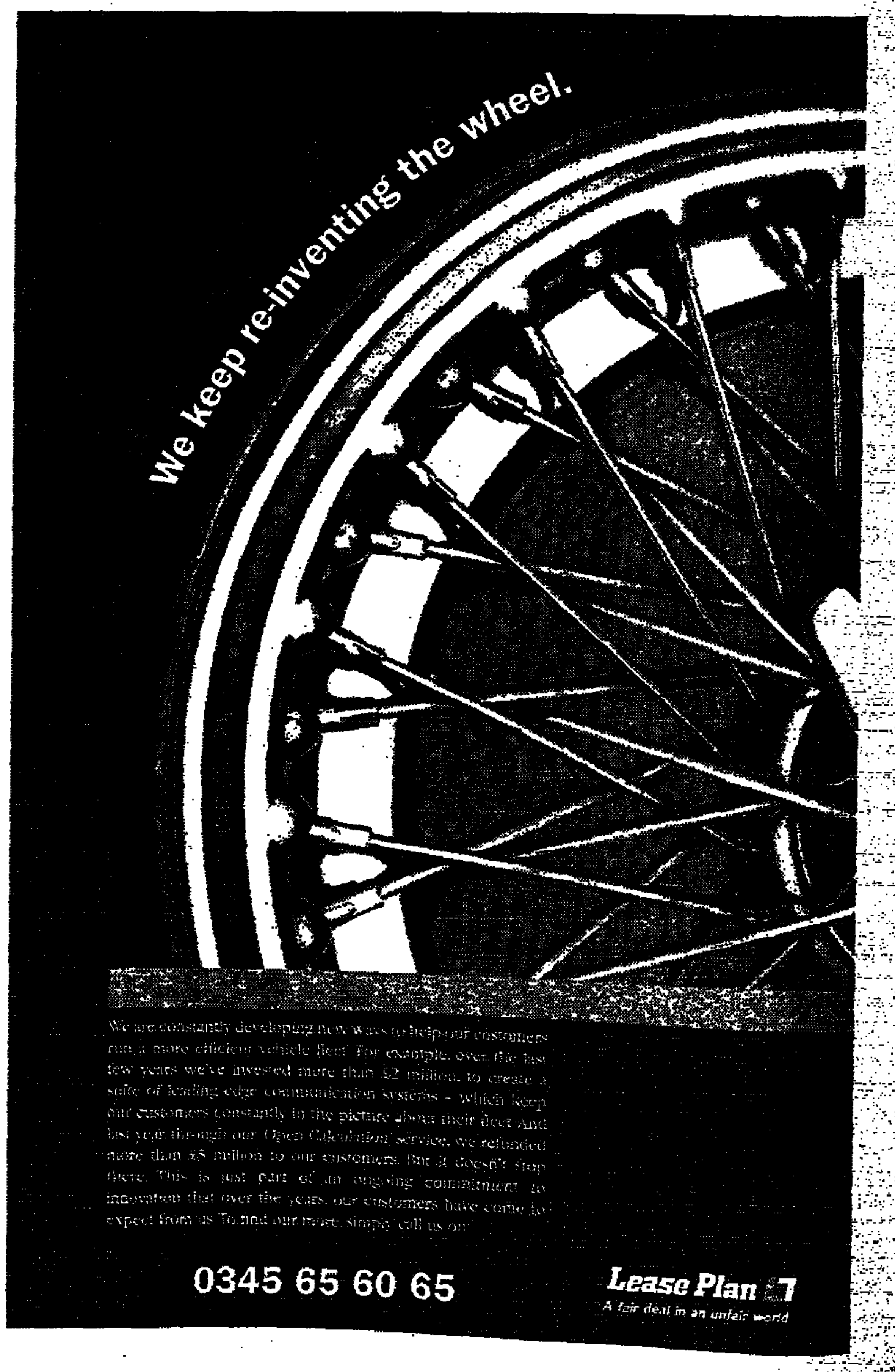
Central and western Europe will have unseasonably high temperatures and hazy sunshine in many places. However, western Spain and Portugal will be showery. Scandinavia will remain unsettled, and north-east Europe will also become more changeable. The weather in Greece will improve by Sunday.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES (Maximum Celsius)

Abu Dhabi	Sun	29
Accra	Sun	34
Algiers	Sun	23
Amsterdam	Cloudy	13
Athens	Rain	11
Atlanta	Sun	27
B. Aires	Shower	18
B.ham	Fair	16
Bangkok	Thunder	38
Barcelona	Sun	18
Beijing	Fair	18
Belfast	Fair	15
Belgrade	Fair	10
Berlin	Shower	12
Bermuda	Sun	23
Bogota	Thunder	19
Bombay	Sun	34
Brussels	Rain	14
Budapest	Fair	11
C.hagen	Rain	8
Cairo	Sun	25
Caracas	Sun	31
Cardiff	Cloudy	15
Casablanca	Fair	26
Chicago	Shower	20
Cologne	Shower	13
Dakar	Sun	25
Dallas	Sun	25
Delhi	Sun	31
Dubai	Sun	30
Dublin	Fair	16
Dubrovnik	Fair	14
Edinburgh	Shower	14
Faro	Shower	21
Frankfurt	Rain	11
Geneva	Fair	14
Gibraltar	Fair	20
Glasgow	Shower	14
Hamburg	Rain	12
Helsinki	Shower	6
Hong Kong	Shower	24
Honolulu	Fair	29
Istanbul	Shower	10
Jakarta	Thunder	32
Jersey	Cloudy	14
Johannesburg	Fair	22
Karachi	Sun	33
Kuwait	Sun	22
L. Angeles	Fair	18
Las Palmas	Rain	23
Lima	Fair	30
Lisbon	Fair	23
London	Cloudy	17
Lux.bourg	Rain	13
Lyon	Fair	16
Madeira	Shower	21
Madrid	Fair	23
Majorca	Fair	18
Malta	Fair	18
Manchester	Cloudy	17
Manila	Thunder	33
Melbourne	Sun	23
Mexico City	Sun	28
Miami	Sun	28
Milan	Fair	17
Montreal	Shower	9
Moscow	Sun	4
Munich	Fair	12
Nairobi	Fair	26
Naples	Sun	15
Nassau	Sun	26
New York	Sun	22
Nice	Fair	15
Nicosia	Shower	22
Oslo	Cloudy	11
Paris	Cloudy	15
Perth	Sun	30
Prague	Fair	13
Rangoon	Fair	38
Reykjavik	Fair	2
Rio	Thunder	31
Rome	Sun	16
S. Frsco	Rain	16
Seoul	Fair	16
Singapore	Thunder	34
Stockholm	Rain	7
Strasbourg	Rain	12
Sydney	Shower	23
Tangier	Fair	23
Tel Aviv	Shower	27
Tokyo	Rain	14
Toronto	Shower	19
Vancouver	Shower	7
Venice	Sun	15
Vienna	Sun	11
Warsaw	Fair	8
Washington	Sun	28
Wellington	Fair	19
Winnipeg	Fair	10
Zurich	Cloudy	12



FINANCIAL TIMES
COMPANIES & MARKETS

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INSIDE

Oil agreement hits trouble in Norway
Oil prices strengthened even though a plan by Norway's minority government to sign up to a global production cut ran into political opposition in Oslo. The participation of Norway, the world's second largest oil exporter, is seen by some analysts as crucial to the credibility of the agreement. Page 26

Indian insurance set to open up
India's nationalised insurance monopolies, the Life Insurance Corporation and the General Insurance Corporation, are preparing themselves for competition after the government pledged to open the industry to the private sector. The companies are resigned to losing market share, but their size poses a challenge to new entrants. However, the 10 or so international insurance groups poised to enter into joint ventures say the incumbents have obvious weaknesses – poor customer service, unsophisticated products, overstaffing and militant unions. Page 17

Workers rule at Israeli bank
The workers' committee of Israel Discount Bank, the country's third largest, has been disrupting operations for weeks, after revelations of its grip on the bank. The committee has secured the highest wages in the sector for the least educated workforce and IDB is the least productive bank in Israel. But it is merely the worst culprit. A recent study says bank inefficiency costs the economy about $800m a year, 1 per cent of gross domestic product. Profits are propped up by expensive commissions. Page 18

HK ready to regain heights
The Hong Kong stock market has been quietly regaining ground. The pre-crash level of 12,000 points is within reach in spite of slowing economic growth, relatively high interest rates, and patchy corporate earnings. Investors have been cheered by signs of a softening in interest rates, optimism that prices may be stabilising in the depressed property sector and an easing of credit in China. Page 36

LME fines Deutsche Bank subsidiary
The London Metal Exchange has fined Deutsche Sharps Pixley Metals, a Deutsche Bank subsidiary, £90,000 ($150,000) for two breaches of its rules. The LME acknowledged that Deutsche had not deliberately set out to avoid its obligations. Page 26

Record-setters take a breather
Early weakness on Wall Street provided European markets with confirmation that the time was right for a pull-back from the peaks. Some downbeat corporate news added to the fragile mood. Page 36

French 'against modified maize'
Most French people do not want to eat genetically engineered food and say France should reverse its decision to allow farmers to grow genetically altered maize, Greenpeace, the environmental group, says. Last year, the government approved for cultivation a strain developed by Swiss group Novartis. Page 26

ISDA in call for credit risk reform
The International Swaps and Derivatives Association, the industry association for participants in over-the-counter derivatives transactions, has called for a reform of credit risk capital rules. Page 24

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MARKET STATISTICS

BASF may list on US exchange

German chemicals group plans 10% share buy-back

By Graham Bowley in Ludwigshafen

BASF, the German chemicals and pharmaceuticals group, is looking at plans to list its shares on a US stock exchange and is considering switching its accounts to US or international standards.

The move would mark a change of heart by the group, which previously has been suspicious of a US listing and the tighter reporting standards this would entail.

Any move would follow the trend set by other big German companies that have used a US listing to promote their global image and appeal to foreign investors.

Daimler-Benz, the industrial group, and Hoechst, the chemical and life sciences company, have both listed their shares on the New York Stock Exchange.

BASF has already introduced greater detail into its annual reports in preparation for a possible transfer to US GAAP or IAAS accounting rules.

Max Kley, a member of the BASF board, said: "This is a possibility that we are interested in. We are considering it further."

BASF also plans to buy back up to 10 per cent of its shares, worth as much as DM4.6bn ($2.5bn), after changes in German legislation that are expected to take effect this summer.

Jürgen Strube, chairman, said he would seek permission from BASF's supervisory board to buy back the shares.

"We see this as an opportunity to give back to shareholders. We see an opportunity to increase profits per share," he said.

If the buy-back went ahead, the shares would be acquired over 18 months. BASF officials said the buy-back would also depend on a clarification of German tax rules which, at present, could make the procedure unattractive to shareholders.

BASF is also looking for acquisitions in Asia to strengthen its position there and take advantage of cheaper prices following the upheavals in the region.

Mr Strube gave no details about potential acquisition targets, but BASF is keen to boost its health and nutrition business in Asia and other regions.

The company, which recently announced a 21 per cent increase in pre-tax profits last year to DM5.33bn, said there had been a "gratifying" earnings increase in the first two months of the current year.

But it expected sales growth, which was 14.4 per cent last year, to slow in 1998.

BASF is the latest German company to announce plans to buy back shares. Metallgesellschaft and SGL Carbon have also indicated that they want to take advantage of the new legislation passing through the German parliament.

BASF also said it was considering introducing a stock option scheme, but gave no details about what proportion of employees this would cover.

Low music sales hit PolyGram earnings

By Alice Rawsthorn in London

PolyGram, the Dutch entertainment group, saw its shares tumble by Fl 7.30 to close at Fl 99.50 yesterday after warning that first quarter earnings per share would be "sharply lower" than in the same period last year.

The chairman, Alain Lévy, blamed the decline on a weak schedule of releases in the first quarter from the group's recording companies. PolyGram launched best-selling albums by U2, the Bee Gees and Andrea Bocelli in the first three months of 1997, but none of its recent releases has sold more than a million.

Mr Lévy also warned that PolyGram, which is 75 per cent owned by Philips, the Dutch electronics company, would have to increase first quarter provisions for bad debts and stock returns in the unstable Asian market.

He expressed confidence, however, in the group's prospects for the full year, because of the strength of its second half release schedule.

The Asian crisis prompted EMI, the UK-based music group which is one of PolyGram's arch-rivals, to issue a profits warning in January. Shares in EMI, currently struggling to resolve a senior management power struggle, fell by 11½p to 513p yesterday after PolyGram's announcement before closing at 515p.

The $40bn global music market has slowed in recent years, after a decade of robust growth. The profitability of record companies has come under pressure because of rising piracy and the public's increasingly volatile taste.

PolyGram, like many of its competitors, has been cutting costs to adapt to changing market conditions.

The group exceeded analysts' expectations last month by announcing a 14 per cent increase in 1997 net income to Fl 787m ($384m) compared with Fl 722m the previous year. At the time, Mr Lévy warned that its 1998 release schedule was skewed towards the second half, and that the outlook in Asia was uncertain.

He said music sales would fall in the first quarter, and that margins on those sales would be lower. The film and television division, expected by analysts to break even next year, was still "on target".

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Microsoft teams up with CP to get Thais online

By Ted Bardacke in Bangkok and Paul Taylor in London

Microsoft and Thailand's CP Group are teaming up to make it easier for Thais to connect to the internet.

In a project announced yesterday, Microsoft has agreed to integrate its interactive TV technology with set-top boxes provided by CP Group, whose interests include telecoms and agribusiness, to subscribers of its cable television system, UTV. The link-up could eventually allow cable subscribers to connect to the internet through their televisions without the need for a personal computer.

Microsoft's Windows CE computer operating system is seen as a key technology for the next generation of "intelligent" consumer electronics devices, including set-top boxes.

Last year, Microsoft paid $425m to acquire WEB TV which plans to provide the software for interactive services and would subsidise the cost of set-top boxes that unscramble digital TV signals. Earlier this year, Microsoft started talks with Flextech, the British pay television company, about forming an interactive television alliance in the UK.

A second Microsoft project in Thailand will electronically link all 941 of CP's 7-Eleven convenience stores. The system will initially be used to manage inventory, but executives said it could be expanded to offer public internet service "kiosks" inside 7-Eleven stores.

The projects follow a meeting earlier this month in Malaysia between Bill Gates, chairman of the world's largest software company, and Dhanin Chearavanont, chairman of CP Group.

Although it is suffering a foreign debt burden of at least $800m and the effects of the regional economic slowdown, the deal shows Mr Dhanin has not let up in his pursuit of prime western joint-venture partners. These already include Makro of the Netherlands, Nynex of the US, Solvay of Belgium and Wilk & Hoegland of Finland.

No details of the cost of the two projects were released. Details will be drawn up when CP executives visit Microsoft headquarters next month.

Peerapong Oeusoonthornwattana, Microsoft's Thailand managing director, said it was possible that the US group would share investment costs with CP. He said Microsoft already had a joint venture with China Telecom to provide internet infrastructure in Shanghai.

Although CP is consolidating its business empire, "if this joint-venture merits [capital expenditure] we would be able to mobilise it," said Sarasin Viraphol, CP executive vice-president. "Bill Gates gave us a vote of confidence."

Mr Peerapong said the projects were promising because of the infrastructure CP already has in place. This includes 2.6m fibre-optic telephone lines in Bangkok, 7-Eleven outlets which serve more than a million customers a day and a close relationship with the Thai government.

CP's cable television system runs on the back of a web of fibre optic lines laid in recent years by CP's fixed-line telephone subsidiary, TelecomAsia.

CO-FOUNDER AND CHIEF EXECUTIVE OF WORLD'S LEADING CHIPMAKER MOVES TO PLAY STRATEGIC ROLE

Grove hands over control of Intel after 11 years at top

Goodbye Mr Chips: Intel's Andy Grove, joint founder and chairman, is to resign as chief executive after 11 years leading the world's largest semiconductor manufacturer. Picture: AP

By Louise Kehoe in San Francisco

Andy Grove, one of the best-known figures in the US high-tech industry, will step aside as chief executive of Intel in May.

He will hand over the role to Craig Barrett, the president and chief operating officer.

Mr Grove, one of Intel's three founders – together with the late Robert Noyce and Gordon Moore – has led Intel for the past 11 years. He was elected chairman last year.

During his tenure as chief executive, Intel has become the world's largest semiconductor manufacturer with revenues increasing from $1.9bn in 1987 to $25.1bn last year.

Mr Grove, 61, will continue to work full time as Intel chairman. He plans to spend more time on strategic issues, such as raising the awareness of other industries to the potential of computer networks.

Intel also announced yesterday it would expand its share buyback programme, adding 100m shares to bring the outstanding total to $129.8m. Intel's share price rose $⅔ to $77 in mid-session.

Mr Grove's departure from day-to-day management marks the transition to a second generation of semiconductor industry leaders. Intel, founded 30 years ago, was one of several chipmakers formed at that time in California to create what has become known as the Silicon Valley.

The author of two books describing his management style, Mr Grove coined the phrase "only the paranoid survive" and ensured Intel stayed ahead of its competitors.

Renowned as a tough manager, he tempers his highly disciplined style with self-effacing humour.

Mr Grove also took a remarkably open stance when he was diagnosed with prostate cancer two years ago.

Yesterday, he said he was healthy and looking forward to his role as chairman.

"I am feeling great," he said. "I am not putting aside work, but I wanted to put aside the rigidity of Intel management responsibilities . . . to have more flexibility in what I want to pay attention to."

Mr Barrett, 58, who will take over as chief executive on May 20, has been with the company for 20 years and has run day-to-day operations for the past five.

He has, said Mr Grove, created the management processes that have ensured Intel's success.

"I would not expect to see any big changes at Intel," said Mr Grove. "Over time, Intel's strategy may evolve differently, but the management processes that Craig has created will be long lived."

Three weeks ago, Intel issued a rare profit warning, saying that earnings for the current quarter would be below Wall Street expectations due to lower than anticipated demand from some of its biggest customers.

However, Intel said the top management changes were not related to company performance.

Japan's brokers hint at price war after Big Bang

By Gillian Tett in Tokyo

Large brokers in Japan have privately told clients they will slash commissions on some equity trades by 30 per cent when Big Bang deregulation starts next week.

The offers could usher in a price war in the sector as foreign and domestic companies fight to increase their share of the Japanese market. This could damage the earnings of weaker Japanese brokers, which are even more dependent on commission income for their revenues and have been protected from competition.

Commission rates will be partially liberalised on April 1. The government will lift controls over commissions on equity deals worth more than Y50m ($387,000). Next year the sliding scale for rates on all equity deals – which currently applies to trades less than Y1bn – will be scrapped.

But brokers have been negotiating with their clients, such as fund managers, before the changes. This week Nomura Securities, Japan's largest broker, privately told some clients it would cut commissions for simple trades of between Y50m and Y130m to a flat fee of Y272,500, the rate that currently applies to deals of up to Y50m.

In effect, this means the portion of a trade above Y50m will be carried out for free. The fee represents a 30 per cent cut for trades of Y100m, and Nomura has also offered to make 40 per cent cuts on deals worth more than Y130m.

Nomura denies this is an official policy. "After April 1 the part above Y50m will be negotiable and so we will decide on a case by case basis according to each company," it said.

Several foreign houses, such as Merrill Lynch, Morgan Stanley and Goldman Sachs, have offered clients similar reductions, forcing smaller western brokers to follow.

"We have to respond to what someone like Merrill Lynch or Nomura is doing," said one western broker. "What we charge will depend on the relationship, but we expect cuts of about 30 per cent . . . it will be bloody."

The market share of foreign brokers on the Tokyo Stock Exchange almost doubled to more than 30 per cent last year because of corruption scandals at Japanese brokers.

This has left Merrill Lynch, Morgan Stanley and Goldman Sachs among the six biggest brokers in Japan in terms of trading volumes. Smaller Japanese brokers such as Universal Securities, Marusan Securities, Iwai Securities and Matsui Securities have also said they would make the maximum permitted cuts.

Some brokers think commissions will rebound after an initial price war. Equity commissions represent more than 50 per cent of revenues at second-tier brokers such as Okasan, Wako and Kankaku and reductions will hurt brokers' profits, unless overall trading volumes increase.

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PROPERTY DEVELOPMENT CITY OF LONDON PROJECT DENTS JAPANESE GROUP

One-off loss hits Mitsubishi Estate

By Michiyo Nakamoto in Tokyo

Mitsubishi Estate, Japan's flagship commercial property developer, will suffer a Y69.5bn ($539m) extraordinary loss this year, largely related to its Paternoster Square redevelopment project in the City of London.

Mitsubishi is also restructuring its overseas operations to raise their efficiency and return them to profitability.

To ease the impact of its one-off loss, Mitsubishi is selling one of its properties to Mitsubishi Corporation, the trading company at the core of the Mitsubishi group. The sale will realise a special gain of Y49bn, while Mitsubishi Estate will make an *additional special gain of* Y7bn by selling Radio City Productions to Madison Square Garden Corporation.

MEC, Mitsubishi Estate's US subsidiary which is redeveloping Paternoster Square, *will be incorporated into* Rockefeller Group (RGI), another US subsidiary which owns and operates the Time-Life and McGraw-Hill buildings among others.

Mitsubishi Estate has *faced problems in its over*seas operations since it surprised the world in 1989 with its high-profile investment in the Rockefeller Group, which gave it ownership of New York's famous Rockefeller Center.

In the UK, Mitsubishi Estate joined Greycoat, the UK property developer, and Park Tower, a US developer in a project to redevelop Paternoster Square in 1990. *However, a redevelopment* plan did not meet the approval of the Institute of Architecture which was headed by Prince Charles.

In 1995, both Greycoat and Park Tower pulled out of the *Paternoster Square* redevelopment, leaving Mitsubishi Estate in control. The Japanese developer is waiting for approval on a new plan it submitted last November but has no idea when it can expect a response from the UK authorities, the company said.

Mitsubishi has invested Y40bn in the project, which the company acknowledges is the main reason for its *Y69.5bn extraordinary loss.*

In the US, it invested "what was considered an exorbitant price at the time" in the Rockefeller properties, said Steve Weiler, property analyst at Jardine Fleming in Tokyo.

Since making the US investments, Mitsubishi suffered falling rents and two years ago, it wrote down the value of its investment in RGI by Y150.6bn.

Mitsubishi Estate's cash holdings have fallen from Y311bn in 1992 to just Y37bn at the end of 1996, according to Mr Weiler. In the same period, debts have fallen less substantially, from Y1,160bn *to* Y1,000bn.

Mitsubishi is forecasting annual group pre-tax profits of Y20bn, compared with an earlier forecast of Y17bn, and net profits of Y32bn, against Y12.5bn.

Last year, Mitsubishi Estate posted group pre-tax profits of Y20.4bn and net profits of Y38.4bn on sales of Y559.1bn.

CP Group seeks strategy for survival in China

Thai conglomerate is looking to streamline its operations in the country, writes **Ted Bardacke**

Eighteen months ago Dhanin Chearavanont, chairman of Thailand's CP Group, led a delegation of more than 200 Sino-Thai business executives on a trip to Shanghai to explore business opportunities in the homeland of their ancestors.

The highlight of that trip was the inauguration of CP's new motorcycle factory, the largest in China.

Today, that plant, along with some other CP businesses in China, is up for sale as Sino-Thai businessmen concentrate on saving their companies at home rather than investing abroad.

Chairman Dhanin, as he is universally referred to, Thailand's richest man and head of the conglomerate that is still the largest foreign investor in China, is suddenly talking about streamlining, consolidation and raising new capital.

However, CP, with its *interests in agroindustry,* telecommunications, petrochemicals, retailing, manufacturing and property, and with a combined turnover last year of about $9bn, is hardly in crisis.

In spite of having at least $800m in foreign debt, most of it concentrated in TelecomAsia, the lossmaking fixed-line telephone operator, is likely to endure in both Thailand and China.

"We believe our foundation is strong, even TelecomAsia," says Sarasin Viraphol, executive vice-president. "We believe we will survive."

Chatchaval Jiaravanon, a director at TelecomAsia, adds: "TA is seeking to restructure its loans. The CP Group is not."

To ensure its survival, CP must first maintain control *of the core businesses of tele*communications, agroindustry and wholesale-retail operations such as 7-Eleven and *Siam Makro* stores. CP will not sell businesses in these areas but is willing to consider taking on minority partners, says Mr Sarasin.

It must also reduce operations in China. Motorcycles, beer brewing and property are the obvious candidates, but some core businesses, such as the company's 93 *animal feed mills,* are untouchable.

"We expanded so rapidly that now it's time to think about disinvesting," says Mr Sarasin. Many investments in China were made with now precious hard currency and, worried about being hit by another devaluation in the region, it would be better to sell now, while the yuan is strong, he says.

Dhanin Chearavanont: suddenly talking about consolidation

Equally important is a strategic vision. "Chairman Dhanin is a visionary, so he must always remain optimistic. But he is being more hands-on now," says Mr Sarasin. "He is sitting down and looking at the list of 300 companies, many of which he has never heard of before, and looking at where they fit."

A deal announced today *between Microsoft and CP,* the result of a meeting earlier this month in Malaysia between Chairman Dhanin and Bill Gates, furthers the group's push into high technology with a low price-tag.

Microsoft will work with CP's cable television unit on a plan to push the internet over the network's fibre optic lines, while the group's flourishing 7-Eleven stores will be *linked online to allow them* eventually to become public internet sites.

The project has the virtue of using existing infrastructure built by CP Group companies and adding services to it, the group says.

CP enjoys the flexibility that comes from having revenue sources in several countries. Mr Sarasin dismisses claims that proceeds from China sales will shore up *the businesses in Thai*land but says it is always an option.

"We have several pockets – a Thailand pocket, a China pocket, a Hong Kong pocket, an Indonesian pocket. So far we haven't had to take out of one pocket to put in another. But we can if we have to."

Sumitomo Bank sells California offshoot

By Gillian Tett in Tokyo

Sumitomo Bank, Japan's second largest, is selling its 85 per cent stake in Sumitomo Bank of California to Zions Bancorporation, a US regional bank, for $546m.

The sale comes as Japanese banks forge a more focused business strategy before Japan's Big Bang financial deregulation.

Sumitomo denied yesterday it was selling Sumitomo Bank of California to boost its capital adequacy ratio this year. The sale will not be concluded until the third quarter and will not affect the bank's results until fiscal 1998. It said the sale was part of a broader change in its global ambitions and it would also close its US commercial banking operations in the coming weeks.

Sumitomo has had retail and commercial banking operations in California since the second world war. The *Sumitomo Bank of Calif*ornia is the state's sixth largest bank, with total assets of $5.1bn and 47 branches. In 1996 and 1997 it recorded net profits of $45m and $41m, respectively.

Sumitomo will now focus its US operations on investment banking and capital markets services.

Other Japanese banks are retreating from parts of their global business, after rushing to develop an interna*tional profile in the 1980s. In* recent weeks Hokuriku, Asahi, Sakura, Long-Term Credit Bank, and Yasuda Trust have announced plans to cut overseas branches. Bank of Yokohama has sold its stake in the banking group Guinness Mahon Holdings, and Nippon Credit Bank and Hokkaido Taku*shoku have retreated from* overseas operations.

Zions Bancorporation, based in Salt Lake City, Utah, said it intended to integrate the bank with Grossmont and First Pacific National Bank. The combined operations will create California's fifth largest bank.

NEWS DIGEST

MUTUAL FUNDS

Fidelity unveils six new trusts for Japanese market

Fidelity Investments, the world's largest mutual fund company, yesterday unveiled six new investment trusts it will offer in Japan. The announcement of the new funds comes ahead of Japan's "Big Bang" financial reforms of the financial services sector, which begin on April 1.

"On the advent of Japan's 'Big Bang', Fidelity brings a new era of personal investing that gives individuals greater choice, convenience *and control in managing* their personal finances," said Bill Wilder, president of Fidelity Investments Japan.

The new funds, to be offered to individual investors, are Fidelity Japan Growth, Fidelity Japan Smaller Companies, Fidelity US Blue Chip, Fidelity Europe, Fidelity US High Yield and Fidelity Money Pools. Fidelity already offers its Global and Balanced funds in Japan.

Fidelity Japan now has more than $10bn invested in Japanese securities and employs more than 130 people in the country. **Reuters, Tokyo**

SHIPBUILDING

Keppel, Hitachi Zosen link

Keppel, the Singaporean conglomerate, has signed a deal with *Hitachi Zosen Singapore* to merge their shipbuilding and ship repair businesses. Keppel will hold a 56 per cent of the unit.

Keppel said that as part of the deal it would sell its shipbuilding and ship repair activities to Hitachi Zosen for about S$265m (US$166m). *Hitachi will issue new shares* at 59 Singapore cents each as payment. Following the issue of new shares, Hitachi Zosen Asia Holdings will about 31 per cent of the merged entity.

Keppel said the combined resources of the two yards would provide greater flexibility, greater efficiency *and an increased* market presence. The unit will have a total of 1.3m deadweight tonnes of docking capacity, which is 44 per cent of the total capacity of the four biggest repair yards in Singapore.

The approval of Hitachi Zosen shareholders and the Stock Exchange of Singapore is required for the deal to be completed. **AFX-Asia, Singapore**

CARMAKERS

Honda to cut output

Honda Motor, the Japanese carmaker, said it would cut output in April by 13 per cent to 93,000 units, while May production will fall 17 per cent to 88,000 units. The cuts are due to sluggish domestic demand, with the market unlikely to recover quickly from the fall in demand following the consumption tax increase in April last year. **AFX-Asia, Tokyo**

ELECTRONICS

Fujitsu names new president

Fujitsu, one of Japan's leading integrated electronics manufacturers, said Naoyuki Akikusa, executive managing director, would succeed Tadashi Sekizawa as president. Mr Sekizawa, who has been president since June 1990, will become chairman. The reshuffle would be decided at a board meeting scheduled for late June, the company said. **Reuters, Tokyo**

PUBLIC ANNOUNCEMENT

The Board of Directors of Chemical Works of Gedeon Richter Ltd.

(Richter Gedeon Vegyészeti Gyár Rt.)

(1103 Budapest, Gyömrői út 19-21.)

hereby notifies its shareholders that the Company shall hold its Annual General Meeting ("AGM") on Tuesday, April 28, 1998 at 3:00 p.m.

The venue of the AGM shall be at 34 Stefánia út, H-1143 Budapest (HM. Művelődési Ház).

Agenda of the AGM

(1) *Report of the Board of Directors on the 1997 business activities of the Company and* presentation of the annual report.
(2) Report of the Supervisory Board.
(3) Report of the Auditor.
(4) Resolution on the determination and allocation of the 1997 after tax profit of the Company; *declaration of dividend for the 1997 business year on the preference and* common shares.
(5) Approval of the 1997 Annual Report of the Company, including the 1997 Balance Sheet.
(6) Resolution on the applications submitted to the Company by the holders of preference *shares for the conversion of their respective preference shares into* common shares.
(7) Approval of the introduction on the Budapest Stock Exchange and the Luxembourg Stock Exchange of the common shares converted from preference shares by request.
(8) *Report on the performance of the first quarter's activity in 1998.*
(9) Amendments to the Company's Statutes.
(10) Approval of the consolidated text of the Company's Statutes (including amendments).
(11) Election of members of the Supervisory Board.
(12) Resolution on the remuneration of the members of the Supervisory Board.
(13) Election of the members of the Board of Directors.
(14) Resolution on the remuneration of the members of the Board of Directors.
(15) Extension of the mandate of the Company's statutory auditor.
(16) Resolution on the remuneration of the Company's statutory auditor.
(17) Miscellaneous.

Every registered common share with a nominal value of 1,000 HUF (one thousand Hungarian Forints) shall entitle its holder to one vote at the AGM. Shareholders may exercise their rights at the AGM either in person or through an authorized representative with a voting card or other certificate issued by the Board of Directors entitling its holder to exercise voting rights (collectively: the "Voting Card"). In accordance with Section 271 of the Companies Act, *the proxy empowering its holder to representation shall be incorporated* into a public legal document or a fully evidenced private deed (as described in Section 196 of the Civil Code) and shall be submitted prior to obtaining the certificate entitling its holder to the receipt of the Voting Card. Holders of preference shares shall not be entitled to vote.

Participation and voting at the AGM shall be subject to the shareholders presenting their shares, or in the case of *deposited* registered shares, a certificate of deposit, and a proxy in the case of an authorized representative, to the Company's Financial Strategic Department (H-1103 *Budapest,* Gyömrői út 8.) on April 27, 1998, between 8:00 a.m. and 4:00 p.m.

On the basis of the share (or certificate of deposit), and in the case of an authorized representative, the authorization, the Board of Directors shall issue a Voting Card. Shareholders' rights at the *AGM* shall be exercised by using the Voting Card. The Voting Card shall contain the name and the number of votes of the shareholder.

In the case of registered shares, the Company shall only issue a Voting Card to a shareholder who is registered by the Board of Directors in the Share Register as the owner of the shares. The Company hereby requests those shareholders whose shares are deposited with *Központi Elszámolóház és Értéktár* Rt. ("*KELER Rt.*") to initiate, *either* personally or through an authorized broker, their entry into the Company's Share Register pursuant to the Company's Statutes, on the basis of a certificate of deposit issued by KELER Rt. prior to the AGM. Due to the procedure for the preparation of the AGM, entries into the Company's Share Register shall be suspended from April 22, 1998, until the close of the AGM.

The Company *shall, for such period as set forth in the certificate,* also effect registration in the Share Register for registered blank endorsed shares, provided that the registration applicant certifies his ownership over the blank endorsed shares either (i) by producing a deposit certificate issued by *KELER* Rt., or (ii) a duly signed deposit certificate issued by a bank or a stockbroker registered in *Hungary*, on the basis of a KELER Rt. certificate.

In the case of entries in the *Share Register with respect to blank endorsed registered shares* handled as a consolidated deposit, the owners of such shares shall be responsible for having their shareholding registered in the Share Register from time to time.

In order to participate and vote at the AGM, GIC shareholders should contact the Austrian Central Depositary (Österreichischen Kontrollbank, Am Hof 4, A-1010 Vienna) no later than April 17, 1998, during official business hours, to request the issuance to them of a voting proxy. The GDR shareholders shall be entitled to instruct the Bank of New York, as Depositary, to exercise their voting rights, if any, pertaining to the amount of Shares represented by their respective GDRs. GDR shareholders, therefore, should contact the *Bank of New York (101 Barclay Street, New York, N.Y. 10286) The GIC and GDR* shareholders must prove their ownership interest in the GIC or the GDR respectively. The applicable Depositaries will not issue voting proxies after April 17, 1998. GIC and GDR shareholders respectively may not transfer their interests in the GIC or the GDR during the period between the delivery to them of a voting proxy and the closing of the AGM, and shall *provide a blocking confirmation to this effect issued by their custodian bank.*

The Company requests the holders of preference shares to indicate their intention to attend the AGM by April 21, 1998, at the Company's Financial Strategic Department in writing. Entry permits to attend the AGM shall be provided to the holders of preference shares on the spot from 12:00 p.m. on the date of the AGM upon confirmation of their respective *shareholding as entered in the Company's Share Register.*

The annual report shall be available for review from April 3, 1998, and draft proposals for the AGM shall be available for review at the Company's Financial Strategic Department on business days from April 15, 1998, between 8:00 a.m. and 4:00 p.m.

In lack of a quorum, the date of the postponed AGM, with the same agenda, shall be held at the same location on April 28, 1998 at 4:00 p.m.

The Board of Directors proposes the determination and distribution of a dividend from the 1997 annual profit on preference shares equal to 12% of their nominal value and 27% on common shares with the remainder of the after-tax profit allocated to profit reserves. The AGM shall approve the Company's audited balance sheet and determine and dividends to be distributed.

The main data of the 1997 Annual Report of the Company prepared in accordance with Hungarian accounting principles are as follows:

Balance Sheet:

Assets:	in thousand HUF
Invested assets:	33,864,091
Intangible assets	304,618
Tangible assets	31,097,867
Financial investments	2,461,606
Current assets:	48,727,173
Inventories	9,931,385
Receivables	12,977,409
Securities	19,888,117
Liquid assets	5,930,262
Prepaid expenses:	835,185
Total assets:	83,426,449
Liabilities:	
Equity:	77,337,964
Share capital	18,637,486
Capital reserve	19,255,930
Accumulated profit reserve	19,952,645
Profit per balance sheet	19,491,903
Provisions:	909,670
Liabilities:	4,992,284
Long term liabilities	24,041
Short term liabilities	4,968,243
Accrued expenses:	186,531
Total liabilities:	83,426,449
Profit & Loss Statement:	
Net sales revenues	52,568,074
Other revenues	2,887,174
Costs and Expenditures	38,885,831
Operating profit	16,569,417
Net financial income (expense)	2,712,561
Net profit on ordinary business	19,281,978
Extraordinary profit	209,925
Net profit before taxation	19,491,903
After tax profit	19,491,903

Please note that the above figures do not contain any effect of distribution of dividends.

Board of Directors of Gedeon Richter Ltd.

Heavy provisions at Cheung Kong

By Louise Lucas in Hong Kong

Cheung Kong, the flagship company of Li Ka-shing's business empire and one of Hong Kong's biggest property developers, has made provisions of HK$2.01bn (US$259m) against property *and shareholdings.*

However, an exceptional gain of HK$7.73bn from the disposal of its 70.66 per cent holding in Cheung Kong Infrastructure more than offset the provisions, and the group reported a 28 per cent rise in net earnings, from HK$13.76bn in 1996 to HK$17.6bn last year – sharply lower than analysts' expectations.

Mr Li's shareholdings include redchips – or mainland-backed companies – such as China Telecom as well as bluechips such as the recently increased stakes in Jardine Matheson and Hong*kong Land, its property arm.* He was also a shareholder in Peregrine, the collapsed Asian investment bank.

The HK$1.26bn provisions for listed securities appear to belie Mr Li's reputation as one of the territory's shrewdest businessmen whose share dealings can be used as a bellwether for the direction of the markets. "I don't think even Mr Li saw the October crash coming," said one analyst.

Yesterday Mr Li joined developers and analysts in predicting that the property market is approaching a turning point. "We believe *that property prices will now* stabilise given the underlying strong demand for residential property and following the recent downward adjustments in housing prices," he said.

However, he forecast a difficult time ahead. "1998 will be a very difficult and challenging year. In the wake of the regional financial crisis, the territory is expected to witness continued low growth, volatile interest rates and tight money during the short term," he said.

Operating profit last year, excluding exceptional *items,* fell 20 per cent, from HK$3.2bn to HK$2.54bn. Since the downturn in the property market, developers including Cheung Kong have been selling flats at steeply discounted rates.

Earnings per share for the year rose 27 per cent, from HK$6.02 to HK$7.66. The final dividend is lifted from HK$1.05 to HK$1.23.

Hutchison Whampoa growth limited

By Louise Lucas

Hutchison Whampoa, the Hong Kong-based conglomerate and stablemate of Cheung Kong, saw net earnings edge ahead last year, from HK$12.02bn to HK$12.27bn (US$1.6bn), as provisions dented one-off gains from asset disposals.

The figure was sharply below market estimates of about HK$13.5bn, but analysts were less disappointed by results at the operating level, where profits rose 38.9 *per cent, to HK$8.7bn.*

Like Cheung Kong, Hutchison made a provision of HK$750m against a property on the *Kowloon* waterfront that it bought at the peak of the market last year.

Hutchison's HK$920m provision against listed securities reflected the sharp drop in value of a portfolio of listed securities ranging from redchips to blue chips such as Jardine Matheson.

The group last year amassed HK$4.15bn of exceptional items from the sale of part of its holdings in Asia Satellite Telecommunications, the pan-Asian satellite company, and its China consumer products joint venture with Procter & Gamble *of US.*

It also booked a gain from the transfer of its interest in Hongkong Electric to *Cheung Kong Infrastructure* as part of Mr Li's restructuring of his business empire.

Exceptional gains will play a part in this year's profit figures, with the staggered sale of the Procter & Gamble joint venture – which last year netted about HK$1bn – set to contribute HK$3bn.

Mr Li said the rental market this year would feel pressure from the Asian financial crisis and the increased supply of new office blocks.

Ports recorded a *strong* performance and were expanded with acquisitions in the UK and Caribbean. *The group's chemist* stores made a "solid" contribution and the Park 'N' Shop supermarket chain *increased* its market share.

Telecoms and oil interests also performed well, the *group said.*

Earnings per share dipped 3.3 per cent, from HK$3.32 to HK$3.21, while the final dividend was raised from HK$1.08 to HK$1.10.

ITC ahead sharply

ITC, India's largest tobacco group, is expected to lift net profits by 80.25 per cent to Rs6.253bn ($158m) in the year to March, according to Morgan Stanley, writes Kunal Bose.

The group, which is 31.27 per cent owned by BAT of the UK, saw first-half profits rise 66.89 per cent to Rs8.02bn on net sales up about 8 per cent to Rs14.35bn.

An analyst said the group would finish the current year with record profits, as "cigarette sales have not been affected at all by the slowdown in the economy.

Cigarettes constitute more than 85 per cent of ITC's turnover. The paper business has, however, fared badly. The growth in hotel revenue is flat."

The group, which owns five of India's six top-selling cigarette brands, has raised the net price of cigarettes by 12 per cent a year since 1995.

Y.C. Deveshwar, chairman, said the group had identified tobacco, hotels, packaging and paper as areas where it could acquire "international competitiveness". The group quit financial services and edible oils this year and is seeking a strategic partner for its paper business, which is facing lower demand.

COMPANIES & FINANCE: INTERNATIONAL

CARMAKERS DAEWOO AND HYUNDAI LINE UP TO BID FOR NATIONALISED GROUP

Rivals set to battle for Kia

By John Griffiths in Seoul

Korean vehicles group Daewoo is set to battle arch-rival Hyundai for control of Kia Motors, the country's third largest carmaker which was nationalised after the parent group's bankruptcy.

Kim Woo-Choong, Daewoo chairman, said yesterday Daewoo was "definitely interested" in taking over Kia if, as expected, the government orders a sale of the company in the next few weeks.

Hyundai announced earlier this week that it would seek a takeover of Kia if a court order decreeing the sale was drawn up.

Daewoo expects such an order to be announced during May, with a decision on the successful bidder announced by July.

If it won control, Daewoo would cut Kia production in Korea and shift manufacture of some of its vehicles to Daewoo plants in developing markets, Mr Kim said. Job losses in Korea would be offset in part by increased production at Daewoo plants.

Daewoo itself is heavily indebted, mainly arising from its rapid global expansion but also from the slump in sales caused by Asia's financial crises and by its rescue at the beginning of this year of SsangYong Motor, the specialist four-wheel drive vehicle producer.

However, Mr Kim signalled that Daewoo Motors' own problems were nearing resolution through an alliance with General Motors.

He said Daewoo expected to sign by the end of June a deal with GM under which the world's biggest vehicle maker will take a stake of up to 50 per cent in Daewoo.

The significant – but undisclosed – capital injection involved would be part of a "strategic alliance". Under this, Daewoo is likely to build vehicles for GM in emerging markets where GM is largely unrepresented. The alliance may also include joint development of models and components-sharing.

Mr Kim played down the seriousness of Daewoo's indebtedness, which hit $18bn by the end of 1996.

He acknowledged that some investment projects were being cut or postponed, but insisted that Daewoo's debt to equity ratio would drop by more than half to 230 per cent by the end of this year and to 120 per cent by the year 2002.

Daewoo group net profits would rise from Won433.8bn last year to Won1,000bn ($720m) this year.

Daewoo has already rebranded under the Daewoo badge the entire SsangYong product line-up.

There was no reaction last night from either Ford, the single largest shareholder in Kia with a 17 per cent stake, or Samsung, Korea's electronics giant which has just begun car manufacturing in Korea.

India's insurance monopolies braced for open market

LIC and GIC just want shackles removed, write **Krishna Guha and Edward Luce**

India's two insurance monopolies are girding themselves for competition after the election of a new government pledged to open the insurance industry to the domestic private sector.

Whatever form liberalisation takes – the government has yet to decide what role foreign companies will play – the nationalised insurance companies are resigned to losing market share. But their size poses a formidable challenge to new entrants.

"These companies have enormous reach and distribution," said the head of one foreign insurance company in Bombay. "It would take years for any competitor to emulate, even if he was mad enough to try."

India's insurance market is divided between two monopolies, the Life Insurance Corporation and the General Insurance Corporation, which covers all non-life policies.

Life Insurance Corporation alone has more than half a million agents and more than 2,000 branches across India. With 77m policies – 60m individual – it covers 120m people and has more than Rs1,000bn ($25.3bn) under management.

Although smaller, GIC still has a quarter of a million agents, and more than 4,000 branches, 30m individual and group insurance policies and investable assets of about Rs350bn at market value. "Anyone entering this market will take at least seven or eight years to build the infrastructure to compete," said G. Krishnamurthy, chairman of LIC.

India's population of 950m people offers mouth-watering opportunities to allcomers. But India's two nationalised companies say the most exciting opportunities lie in the mass market, where their expertise is strongest.

"In Kerala, where a lot of work is done by elephants, we insure the elephants," said K. C. Mittal, chairman of GIC. "We also insure rickshaw-pullers and cows."

However, the 10 or so international insurance groups poised to enter India through joint ventures say the incumbents have obvious weaknesses – poor customer service, unsophisticated products, overstaffing and militant unions. By international standards LIC and GIC are overcapitalised and offer low returns to their policyholders.

"How many of LIC's 550,000 agents sell more than a handful of policies a year?" asked one foreign insurance executive. "Probably not much more than 20,000 – and everyone will be trying to poach them."

LIC and GIC are trying to upgrade their technology to improve competitiveness, and half their branches are now computerised. But the main obstacle to increased efficiency is over-regulation. Both companies are required to invest a large chunk of their assets in mandated investments, such as government securities, which yield less than market rates. LIC has to invest 75 per cent of its assets in this way, GIC 45 per cent.

Elephantine opportunities: the beasts of burden are among the items covered by India's two big insurers Picture: Tony Andrews

"Naturally, if the pattern were not prescribed we would be in a position to act more dynamically in the capital market, try to invest more in equities and increase our yield," said Mr Krishnamurthy.

The two companies are also subject to rigorous scrutiny by government officials, which robs them of flexibility in customer service and prevents executives from making rapid investment decisions. They are not free to pay competitive salaries.

If India opens its market but LIC and GIC remain shackled by state controls, the companies will find it difficult to compete. But if liberalisation is accompanied by deregulation they could actually benefit.

"GIC does not mind the market being opened, but there must be a level playing field," said Mr Mittal. He said deregulation would be "as much a liberation" as a competitive challenge.

Mr Mittal points out that India International – GIC's wholly owned Singapore subsidiary – is the second largest insurance group in Singapore. In addition Ken-India – 65 per cent owned by GIC – is the largest insurance group in East Africa. LIC also has more than a dozen international operations.

As Mr Mittal puts it: "If we can do well in overseas markets where we compete freely, why can't we do it in our own country?"

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for trading on 27.03.98 / Final Prices for Trading on 27.02.98

½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	16.09	12.93	12.93	0.00
0100	16.09	12.93	12.93	0.00
0130	17.97	20.10	20.10	0.00
0200	17.97	20.10	20.10	0.00
0230	16.09	20.00	20.00	0.00
0300	16.08	12.93	12.93	0.00
0330	16.08	12.93	12.93	0.00
0400	16.08	12.93	12.93	0.00
0430	16.05	12.93	12.93	0.00
0500	16.04	12.88	12.89	0.00
0530	16.00	12.88	12.88	0.00
0600	16.02	12.96	12.96	0.00
0630	16.03	19.00	19.00	0.00
0700	16.07	19.15	19.15	0.00
0730	17.80	23.77	23.78	1.46
0800	29.45	23.77	23.78	1.46
0830	29.46	30.99	31.00	1.46
0900	29.46	31.68	31.69	1.46
0930	29.46	42.17	42.18	1.46
1000	40.44	42.17	42.18	1.46
1030	30.58	42.17	42.18	1.46
1100	30.58	42.17	42.18	1.46
1130	21.92	42.17	42.18	1.46
1200	21.92	42.17	42.18	1.46
1230	21.92	42.17	42.18	1.46
1300	21.92	42.17	42.18	1.46
1330	18.70	31.68	31.69	1.46
1400	18.70	40.89	40.90	1.46
1430	16.08	40.89	40.90	1.46
1500	16.07	40.89	40.90	1.46
1530	16.07	31.68	31.69	1.46
1600	16.05	19.15	19.15	0.00
1630	16.09	31.68	31.69	1.46
1700	18.70	31.68	31.69	1.46
1730	19.45	31.68	31.69	1.46
1800	19.45	38.94	38.95	1.46
1830	18.70	49.03	49.05	1.46
1900	27.44	51.33	51.35	1.46
1930	38.15	51.31	51.33	1.46
2000	29.53	45.55	45.56	1.46
2030	27.43	31.68	31.69	1.46
2100	19.45	24.94	24.95	1.46
2130	18.67	31.68	31.69	1.46
2200	17.44	23.77	23.78	1.46
2230	17.44	19.15	19.15	0.00
2300	26.39	19.10	19.10	0.00
2330	16.99	12.88	12.88	0.00
2400	16.02	12.56	12.56	0.00

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.89/MWh becomes 1.689p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of optimising the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6780 between 8.30am and 5.15pm Monday to Friday.
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STEEL SLOVAKIAN GROUP TO DIVERSIFY

Low prices blamed for 50% decline at VSZ

By Robert Anderson in Prague

Steel maker VSZ Holding, Slovakia's largest company by turnover, yesterday announced a 50 per cent fall in 1997 profits to Kč598m ($16.9m).

Unconsolidated net profits, which reached Kč1.35bn in 1996, slipped in the second half of the year after the holding company reported net profits of Kč399m in the first half.

VSZ, the second biggest company on the Bratislava Stock Exchange by market capitalisation, said profits were affected by low steel prices in the first half, high interest rates on its heavy investment programme and the fact that it buys most of its raw materials in dollars while selling its products in D-Marks.

The company, central Europe's largest producer of flat rolled steel, has begun a big investment programme to diversify away from the volatile markets for semi-finished steel and increase its output of higher value-added products.

Last year this programme included forging a $150m joint venture with US Steel to produce tin-plated steel for the packaging industry and buying 68 per cent of the heavily-indebted Hungarian DAM steel mill.

However, its diversification outside the steel industry by a series of acquisitions into financial companies, media, and sports clubs have increased its debts and stretched management expertise.

The company is also in danger of losing its entire indirect stake of more than 40 per cent in Investicna a Rozvojova Banka, Slovakia's third biggest bank, following the bank's liquidity crisis and takeover by the central bank in December.

These developments damaged the share price but the shares fell a further 40 per cent from Kč640 to a low of Kč390 this month after it restructured its management boards, replacing several experienced managers.

Julius Rezes took over from Jan Smerek as head of the executive board, while Mr Smerek replaced Mr Rezes' father Alexander, the company's largest shareholder, as chairman of the supervisory board.

Yesterday the shares closed at Kč424.

The company had been intending to make a $240m eurobond issue this month, but it is likely this will now be delayed at least until the summer because of the high spreads on emerging market debt, the risk of a devaluation of the Slovak crown, and political turmoil ahead of the elections in September.

Vranken champagne prepares to float

By Jeffrey Brown

Vranken Monopole, maker of Charles Lafitte and Heidsieck champagne, is heading for the stock market.

The company, the sixth largest champagne house in France, with a turnover last year of FFr730m ($119m), will move on to the second section of the Paris bourse when trading begins on April 3.

Up to 1m shares, 25 per cent of the capital, are being offered in France and abroad at an indicated price ranging from FFr170 to FFr190. The flotation will thus raise a maximum of FFr190m.

The bulk of the issue is reserved for institutional investors both in and outside France. Vranken, which exports 40 per cent of output, achieved net profits last year of FFr22m.

The company is one of the few pure champagne producers to have a stock market listing. LVMH, the sector leader, is widely diversified, as is another leading producer, Rémy Cointreau.

Boizel, another independent producer, is also listed on the second section of the Paris bourse but it is much smaller than Vranken.

Its sales in 1997 totalled FFr208m.

Vranken sold 8.7m bottles of champagne last year and it has 24m bottles ageing in its cellars.

BANKING BELGO-DUTCH GROUP SAYS LINK-UP WOULD CREATE 'EUROPEAN-SIZED BANK'

Fortis in talks on Belgian 'megabank'

By Neil Buckley in Brussels

The creation of a Belgian "megabank" appeared in prospect yesterday after Fortis, the Belgo-Dutch financial services group, confirmed that Générale de Banque was the only potential Belgian partner with which it was in talks.

Fortis stressed the importance of the project.

The comments came two days after Société Générale de Belgique, the powerful holding company with stakes in both Fortis and Générale de Banque, backed a link-up between the two.

Maurice Lippens, chairman of Fortis's Belgian arm, said he was "pleasantly surprised" by the public expression of support from La Générale, and suggested it might take less than the six months suggested by La Générale for talks with Générale de Banque to reach a conclusion.

"This is a very serious matter," he added. "If we can get this partnership going, we could have something which is important not just for us, but for Belgium – a European-sized bank based in Belgium."

At the same time, Fortis said it "very much regretted" yesterday's surprise resignation of Joost Kuiper as a Fortis director and chairman of MeesPierson, the Dutch merchant bank acquired by Fortis in 1996.

It said the two had "not seen eye to eye" over strategy, but said the differences of opinion were not connected with the Générale de Banque project.

Before this week, Fortis and Générale de Banque had each suggested an alliance was only one of several options being studied.

But Mr Lippens said Générale de Banque was the only Belgian partner it was talking with, although he declined to comment on whether talks were being held with any groups elsewhere in the Benelux countries.

In Utrecht, Fortis's Dutch arm suggested the two groups were a good fit – although Dutch chairman Hans Bartelds suggested Fortis remained in talks with other groups in Benelux, the US and Europe.

Fortis unveiled a 25 per cent increase in 1997 net profits from Ecu731m to Ecu912m ($838m) – the biggest year-on-year rise since the group was created in 1990 by combining the activities of Belgium's AG and the Dutch Amev/VSB group.

Net profits in insurance increased 10 per cent to Ecu634m, while banking net profits jumped 81 per cent to Ecu363m, reflecting the positive impact of MeesPierson.

Earnings per share for Fortis AG, the Belgian arm, increased from BFr351 to BFr437, with the dividend raised from BFr126 to BFr153.

The Dutch arm, Fortis Amev, increased earnings per share from Fl 4.42 to Fl 5.52, with the dividend up from Fl 1.90 to Fl 2.28 a share.

Dublin set for Telecom Eireann sale

By John Murray Brown in Dublin

The Irish government is to float part of Telecom Eireann, the state-controlled telecommunications company which is 20 per cent owned by KPN-Telia, a Dutch-Swedish consortium.

Mary O'Rourke, public enterprise minister, did not say how much of the company was for sale. But the company said it could be as much as 15 per cent – worth about I£300m ($413m).

Revealing details of an employee share agreement to transfer a 14.9 per cent stake to the workers, Mrs O'Rourke said the government intended to make an initial public offering in 1999.

The announcement came at the end of month-long negotiations with trade unions over new work practices, and voluntary job cuts.

Under a deal with the unions, workers will be sold a 9.9 per cent stake for I£190m, with an additional 5 per cent tranche tied to the introduction of flexible working hours, contract out services, and service automation.

The company will contribute I£100m in lieu of unpaid pension contributions, with the balance raised by a trust set up by the employees – the details of which are contained in a 90-page document agreed with the unions late on Wednesday.

Telecom Eireann made profits of I£204m on sales of I£1.2bn in 1997. The company sold a 20 per cent stake to KPN-Telia in 1996 for I£183m, with a claw back arrangement under which the consortium would pay the increase in the value of its stake over a three-year period.

The consortium has an option on a further 15 per cent, for which it would have to pay I£200m.

With union agreement, TE has reduced its workforce from 13,500 to 11,000 in the past three years, and has agreed to a further 2,500 job cuts over the next four years.

The plan to float TE is the first of a series of tentative moves to reduce the state's role in the economy, as it falls in line with European Union directives on competition.

Aer Lingus, the state airline, has been instructed to find a partner by the end of this year.

The government is obliged to open the electricity sector by 2000 and two months ago agreed for the first time to award a power station contract to a foreign company – in this instance to IVO, a Finnish company specialising in peat-powered stations.

Royal Oak financial crisis averted

By Kenneth Gooding, Mining Correspondent

A potentially serious financial crisis at Royal Oak Mines, a US company that features in the FTSE Gold Mines Index, seems to have been averted.

Trilon Financial Corporation, a subsidiary of the EdperBrascan conglomerate controlled by Canadian Edgar Bronfman's family, is offering US$124m to refinance Royal Oak and fund the completion of its Kemess copper-gold mine in north central British Columbia.

Peggy Witte, president, who has built up Royal Oak since 1991, said: "We are pleased to be working with a financial group with substantial experience in the Canadian mining industry."

Royal Oak announced 16 days ago that the capital cost of Kemess was expected to be 9 per cent more than the previous estimate of C$470m (US$333m).On March 16 a mechanical contractor stopped work because of non-payment. The company then announced it was in default on its senior secured debentures covenants.

A Royal Oak official said yesterday the Trilon financing needed approval of the mining company's subordinated bond holders.

The Trilon finance is in the form of senior secured notes carrying interest at Libor plus 6 per cent, a similar rate to that charged on the existing US$44m of senior secured notes, which will be repaid.

Kemess is 92 per cent completed so production could start in May and full output reached by the end of the Canadian summer. Average annual life-of-mine production at Kemess is expected to be about 250,000 troy ounces of gold at a cash cost of US$128 an ounce, including credit for copper production.

Royal Oak has closed two high-cost mines, Colomac in the North West Territories, and Hope Brook in Newfoundland. It has been cutting costs at its remaining two operations – Giant, in the North West Territories, and Pamour in Ontario. The company expects to produce about 382,000 ounces of gold this year at an estimated cash cost of US$202 an ounce.

Grupo Mexico shrugs off peasants' revolt

By Leslie Crawford in Mexico City

A Mexican court in the northern city of Hermosillo has ordered Mexicana de Cobre, a subsidiary of Grupo Mexico, the country's largest mining group, to return 1,500 hectares of expropriated communal land, where Grupo Mexico has developed its biggest copper mine, to its original peasant owners.

The disputed land is the site of Grupo Mexico's La Caridad complex, which includes an open pit mine, a copper smelter and a precious metals refinery under construction.

La Caridad employs 4,000 people, produces more than half of the country's copper output, and last year contributed $600m to Grupo Mexico's revenues of $1.2bn.

Earlier this month, the Hermosillo court ruled in favour of 38 peasants who claimed to be the rightful owners of the land. It annulled the expropriation decreed by then-president Luis Echeverria in 1973, and gave Mexicana de Cobre 30 days to "remove all installations from the communal land". The deadline expires on April 9.

Anywhere else, such a ruling would have caused alarm. Grupo Mexico's stock would have plummeted. The financial survival of the mining group would have been in doubt. But in Mexico, where laws are often flouted and judges have little clout, the potentially devastating court order has been ignored by investors and Grupo Mexico alike.

"The ruling will have no effect on the operations of the mining group. It has no importance whatsoever," says Hector Garcia de Quevedo, a senior executive at Grupo Mexico's headquarters in Mexico City.

He said the company had no intention of abandoning La Caridad, or paying $100m which the plaintiffs are demanding to settle out of court.

In spite of Mr Garcia de Quevedo's bravado, the ruling has come at an awkward time for the company.

Grupo Minero Mexico, an unlisted mining subsidiary of Grupo Mexico, is seeking to raise $500m among US and European investors in 10-, 20- and 30-year bonds. The yield and spread on the bond offering were being fixed this week.

Mr Garcia de Quevedo said: "This is the first time a private-sector Mexican corporation has attempted to raise 30-year debt. It is an important step for Grupo Mexico, for the Mexican mining industry and for the country as a whole."

Proceeds of the bond offering will be used to repay a $420m credit that allowed the mining company to acquire the Pacifico Norte railway network, privatised last year. Grupo Mexico's partners in the railway venture are Union Pacific of the US and ICA, Mexico's largest construction group. Grupo Mexico owns 74 per cent of the joint venture.

Mr Garcia de Quevedo said: "This is an inconvenience; it ties up our lawyers. But the peasants were compensated. They cannot get back what they have already been paid for." Mexicana de Cobre has said it will defend its legal title to the land all the way up to the Supreme Court.

La Caridad produces more than half of the country's copper output

Israeli bank chief challenges workers' rule

Dispute highlights continuing inefficiencies as sector moves out of state ownership, writes **Avi Machlis**

In the corridors of Israel Discount Bank, the country's third largest, a battle is being waged over one of the last bastions of socialism in the Israeli banking system. The IDB workers' committee has been disrupting operations for weeks, after details of its grip on the bank were revealed.

The disruption was launched in response to a campaign by Arie Mientkavich, recently appointed chairman, to break up the committee's wide powers over bank staff policy.

The dispute will determine the future of the bank, which is 60 per cent owned by the state but quoted on the Tel Aviv stock exchange. Some analysts warn it could collapse without reforms.

The dispute highlights the evolution of Israel's banking sector as it is transferred from state ownership to the private sector, ahead of a new round of sell-offs expected this year.

"Privatisation has forced the banks to be more transparent for the first time in their history," said a senior banking official.

Exposure of how IDB's workers' committee functioned shocked Israel's business community, which has seen its fair share of inefficiency in a system which evolved in the era of Zionist socialism.

For example, senior managers cannot transfer a secretary from one branch to another without approval of Riki Bachar, committee chairman, under long-established practice within the bank. Mr Bachar holds no other position at the bank, but earns a monthly salary of about $13,000 in a country where the average annual income is about $17,000. Furthermore, some 10 members of his family are employed at IDB, where the average worker doubles his or her salary every eight years. Over the years, the committee has secured the highest wages in the sector for the least educated workforce.

It is hardly surprising, say analysts, that IDB is the least productive bank in Israel.

With a cost/income ratio of about 70 per cent, IDB lags far behind Bank Hapoalim, the country's biggest, which boasts a ratio of 60 per cent. Hapoalim was streamlined even before the government sold a 43 per cent controlling stake to a consortium of private investors last year.

'Privatisation has forced the banks to be more transparent for the first time in their history'

Bank Leumi, the second biggest bank, is not far behind. Merrill Lynch, the investment bank, said in a recent report Leumi's cost/income ratio was moving from about 70 per cent between 1994 and 1996 to 63 per cent this year.

But considerable inefficiency still hides behind these improving ratios. According to Shlomi Shuv, author of a recent study on the sector, bank inefficiency costs the economy about $800m a year, about 1 per cent of gross domestic product. Mr Shuv says the banks roll over the costs of inefficiency on to the public.

Profits are propped up by a plethora of expensive commissions charged for almost every transaction.

Nevertheless, Israeli bank shares have been favourites of foreign investors in Tel Aviv in recent months.

Part of the attraction, says Debra Kodish, banking analyst at Zannex Securities in Tel Aviv, can be attributed to their solid assets.

In addition, Israeli banks are inexpensive, trading at about book value, compared with European banks which trade at two to three times book value.

Despite these advantages, some analysts argue a privatised Hapoalim and soon-to-be-sold Leumi could do more to shake off the remnants of socialism. Indeed, Bank Hapoalim announced an early retirement programme this week to trim its 9,700 workforce by 350. "The next logical step for the big banks would be to cut about 2,000 workers apiece," said Ms Kodish.

This would mark a new stage of maturity for the sector, which in the past has relied on the government to bail it out from crises. "The banks were never forced to deal with their mistakes. The public ended up paying the price," said one Israeli banker. But even if they streamline, Mr Shuv says customers will still pay for inefficiency generated in a system that is one of the most highly centralised in the developed world.

The top three banks control about 80 per cent of all banking assets, and deal in everything from investment banking to non-financial asset management. Following reforms passed in 1995, the big banks must divest from some of their bigger non-financial assets, but they will still dominate the sector. It will be up to the government to decide whether the banks should remain big to face competition abroad, or size down to boost competition at home.

Whatever the choice, if Mr Mientkavich has his way, the outcome of the IDB dispute could usher in a new era of transparency where, for once, the customer could be king.

German media group denies bid for SAT-1

By Frederick Stüdemann in Munich

Pro Sieben, the German media group, confirmed yesterday it was looking at acquisition possibilities but denied rumours that it was about to bid for SAT-1, one of the country's top three commercial television networks.

Georg Kofler, chairman, said Pro Sieben had held talks with "half a dozen" networks but that, as yet, nothing concrete had materialised. He said the group, which last year became the first German television company to be listed on the stock market, would initially concentrate on existing business and that an acquisition would "more likely" occur in 1999.

The rationale behind acquiring a further network to add to the company's existing two channels, Pro 7 and Kabel 1, would be to enter sectors of the market currently not covered by Pro Sieben.

Also, consolidation within the commercial television market in Germany could present interesting takeover possibilities.

A takeover of the privately owned SAT-1, with which Pro Sieben has ties through the Kirch family, a shareholder in both companies, is favoured by some analysts, who see it as a way of acquiring the "missing link" of sports programming.

Sport is a SAT-1 strength among Pro Sieben's target audience of 14 to 49-year-olds, the group also considered most attractive to advertisers.

Other possible acquisitions include n-TV, a small news channel, in which Time Warner of the US has a stake. Mr Kofler acknowledged that Pro Sieben was seeking to strengthen its news and current affairs programming, but said this could be done on its existing channels.

His remarks came as Pro Sieben announced a 43 per cent increase in pre-tax earnings in 1997 to DM254m ($139m) and a 10 per cent rise in sales to DM1.86bn. Earnings at the group's premium channel, Pro 7, advanced 49 per cent to DM316m, while losses at the "junior channel" Kabel 1 were cut from DM21m in 1996 to DM9m last year. The company said post-tax earnings for 1997 would be significantly affected by a higher tax charge.

Crédit Agricole up 15% to FFr9.9bn

By Andrew Jack in Paris

Crédit Agricole, the French mutual bank, yesterday unveiled 1997 net income up 15 per cent to FFr9.9bn ($1.6bn) in the first year in which its purchase of Indosuez, the investment bank, was consolidated.

Yves Barsalou, chairman, said: "We are satisfied with these results. They show our determination, patience and obstinacy."

The result was achieved in spite of provisions of FFr3.3bn by Crédit Agricole Indosuez, including FFr2.1bn against the Asian crisis out of total exposure in the region of FFr24bn.

Lucien Douroux, managing director, condemned the criticism by France's commercial banks of the mutual and co-operative banking sector, arguing they were equally recognised under French law.

He argued that Crédit Agricole's remaining privilege – as one of only three institutions to manage accounts on behalf of notaries – had high costs and brought the bank no net benefit. However, he said he was in favour of abolishing this privilege at the same time as all other concessions granted to mutual and other banks.

He added that if Crédit Mutuel succeeded in its bid for the state-controlled CIC banking group, it should immediately lose its exclusive right to offer the government-backed tax-free Livret Bleu savings scheme.

Mr Douroux said Crédit Agricole was satisfied with its 7.6 per cent stake in Suez-Lyonnaise des Eaux and did not expect it to change in size. He said the bank would "probably" exercise its option to acquire 20 per cent of Sofinco, the consumer credit division of the group.

The bank's three objectives were to reinforce its leadership in the French market, become a top ranking bank internationally and develop its role as a leading European bank.

MOBILE PHONES ITALIAN OPERATOR MOVES INTO BLACK IN SECOND HALF AS DEMAND SOARS

Omnitel's first profit beats target

By Paul Betts in Milan

Omnitel, the Italian cellular telephone company controlled by Olivetti and its German partner Mannesmann, yesterday reported its first profit, driven by rapid growth of mobile phone use in Italy.

The result was well ahead of targets set when the venture started operations in December 1995. For the whole of 1997, Omnitel reported a loss of L140bn ($78m) compared with a loss of L589bn in 1996. But after losing L172bn in the first half, the company said it was in the black for the first time in the second half with a net profit of L32bn.

Revenues last year rose 145 per cent to L1,835bn as the number of subscribers to Omnitel's mobile phone services leapt from 713,000 to 2.46m. The number has continued to increase, to 3.1m to date, and Silvio Scaglia, Omnitel's chief executive, said he expected it to top 4m at the end of this year.

Mr Scaglia also said Omnitel expected to double its revenues this year and report "a significant profit" in 1998.

Omnitel, which currently competes against TIM, the Telecom Italia cellular phone subsidiary, said it expected to face competition from a third mobile telephone operator on the Italian market in the second half of this year.

The Italian government is due to award the licence to a third operator in a competition pitching a consortium led by the Enel electricity utility and Deutsche Telekom against a rival group led by Mediaset, British Telecommunications and the Eni oil and gas company.

However, Mr Scaglia said the Italian mobile phone market was expected to continue growing vigorously and there was room for three operators. Omnitel, he added, intended to concentrate all its efforts on strengthening its position on the domestic market.

Telecom Italia, by contrast, yesterday confirmed its commitment to expand internationally. Gian Mario Rossignolo, the new chairman of the recently privatised telecommunications group, told a parliamentary commission in Rome that the company had three main international targets.

The first was to become a telecom operator on a European scale while maintaining its leadership in the domestic Italian market. Telecom Italia intended to win significant market shares in the main European Union markets as well as becoming a mobile phone operator on a continental European scale.

The second was to create what he called a "panamerican operator" in Latin America, reinforcing its presence on that continent.

The third was to acquire a direct and indirect presence in the US market through acquisition of US ventures and shareholdings.

Although Telecom Italia's relations with AT&T of the US have come under increasing strain, Mr Rossignolo said the company was willing to pursue negotiations with AT&T and the European Unisource consortium over a strategic partnership. However, he stressed his strategy was to enter into specific industrial and business agreements rather than broad global alliances of a more political nature.

Veba seeks to accelerate expansion

By Ralph Atkins in Düsseldorf

Veba, the diversified German conglomerate, lifted annual pre-tax earnings 12.1 per cent to DM4.97bn ($2.7bn) and said it wanted to accelerate "significantly" its expansion plans.

Ulrich Hartmann, chairman, admitted that o.tel.o, the fledgling telecommunications business set up with RWE, the Essen-based conglomerate, faced "fierce competition" and hinted it might take longer than expected to break even.

Veba's telecommunications activities lost DM375m after tax last year and the group said the deficit would be "somewhat higher" in 1998.

Mr Hartmann also revealed Veba and RWE had still to reach an agreement with BellSouth about the US telecoms group taking a stake in o.tel.o. Negotiations had been expected to be completed earlier this year.

Unveiling 1997 results showing an 11 per cent increase in sales to DM82.7bn, Mr Hartmann said that all areas of the group were ripe for expansion and that Veba was looking to repeat its double-digit earnings growth. Capital spending of DM8bn was planned this year.

Veba, which has interests in oil, electricity generation, chemicals and transportation, could comfortably finance an acquisition costing more than DM15bn, but Mr Hartmann said there was "nothing in the pipeline".

Pre-tax earnings from electricity rose from DM2.99bn to DM3.14bn last year and further earnings growth is expected in 1998. Chemicals slipped from DM722m to DM442m, with Veba blaming weakness in the market for silicon wafers used in semiconductors. Pre-tax earnings from oil rose from DM562m to DM714m, and in trading, transport and other services from DM384m to DM604m.

Veba listed in New York last October, but said US investors still accounted for only about 11 per cent of its stock. It proposes to lift the dividend from DM1.90 to DM2.10 a share.

Mr Hartmann said that in telecoms Veba had always known it would "have to invest a lot of money to tap this growth market", adding: "We are strong enough to survive this dry spell".

O.tel.o, which began its public voice service earlier this month, posted a pre-tax loss of DM1.2bn last year.


Ulrich Hartmann (left): Veba strong enough to survive 'dry spell' in telecoms Picture: Reuters

Originally, o.tel.o expected to break even in about 2001, but Mr Hartmann said yesterday that losses would end "in 2002 at the latest".

At E-Plus, the mobile telephone group in which o.tel.o has a 60 per cent stake, break-even was expected "as early as 1999".

Veba hinted it might seek to increase its 17.5 per cent stake in France's Bouygues Telecom, which was benefiting from rapid growth in the country's mobile market.

Negotiations with BellSouth of the US about a stake in o.tel.o have been complicated because agreement would be needed from Vodafone, the UK mobile telecoms group, if BellSouth's shares in E-Plus were to be transferred to o.tel.o. Vodafone also has shares in E-Plus.

NEWS DIGEST

STEELMAKERS

Cockerill able to name partner within six months

Cockerill Sambre, the Belgian steelmaker that is Europe's sixth-largest by output, said it could name an alliance partner within six months, as it reported a return to the black and resumed dividend payments. Net income for 1997 jumped to BFr3bn ($80m) – beating analysts' expectations – after a BFr9bn loss in 1996.

Cockerill is one of Europe's last big steelmakers not to have formed a strategic alliance in the face of increasing global competition. Hoogovens of the Netherlands is studying Cockerill, although many analysts see France's Usinor as the most likely candidate. Arbed, the Luxembourg steelmaker which last year took a stake in Spain's CSI, and British Steel are also seen as potential partners. The return to profits last year reflected favourable economic conditions – with total turnover up 3.5 per cent to BFr210bn thanks to increased volumes and a recovery of prices. Cockerill proposed a BFr24 a share dividend, including BFr12 a share not distributed in 1996. **Neil Buckley, Brussels**

HOUSEHOLD PRODUCTS

Benckiser lifts gross margins

Benckiser, the household products company which floated its shares in Amsterdam and New York last November, improved its gross margins in 1997 but was held back by restructuring costs. A charge against operating profits, to cover the closure of four plants, left attributable earnings 6 per cent lower at Fl 154.8m ($75m). The restructuring charge came in as expected at Fl 62.3m, to which was added Fl 15.1m in exceptional expenses for compensation by way of stock awards. Stripped of these, net earnings were up 21 per cent at Fl 199.7m. Sales grew 18 per cent to Fl 3.58bn. Costs were 31 per cent higher at Fl 1.12bn, influenced by promotional spending on its dual-layer dishwasher tablets. **Gordon Cramb, Amsterdam**

ITALIAN BANKING

IMI plans windfall dividend

IMI, the Rome-based banking group, is planning a windfall dividend of L2,250 a share, compared with L550 last year, ahead of its proposed merger with Istituto San Paolo di Torino, Italy's largest commercial bank. IMI said it was raising its regular dividend to L700 from L550 and would pay an extraordinary dividend from its substantial free capital and reserves of L1,550, leading to a total payout of L2,250. As a result of the extraordinary dividend, which will absorb L930bn ($516m) of the bank's substantial reserves, the return on equity will be boosted to around 10.5 per cent from the 9.5 per cent reported in 1997. **Paul Betts, Milan**

Credito Italiano rises 71%

Credito Italiano, the privatised Milan bank, yesterday reported a 71 per cent rise in consolidated group net profits to L481bn ($267m) and increased its dividend on ordinary shares by 33 per cent to L80. The dividend on savings shares has been increased from L75 to L95. The bank said its return on equity last year had grown from 4.7 per cent to 7.9 per cent. Deposits increased 4.8 per cent to L107,685bn, while loans rose by 12.3 per cent to L92,157bn.

The group continued to strengthen its position in Italy's growing mutual fund and asset management business, with an 11.4 per cent share of the domestic market last month. **Paul Betts**

Dresdner Bank overcomes boardroom 'turbulence'

By Andrew Fisher in Frankfurt

Dresdner Bank, Germany's second biggest, continued its profits growth in the first two months of this year but stressed that a "truly concerted effort" would be needed to beat its 1997 performance.

Bernhard Walter, chairman, said net interest and commission income had risen in 1998, along with financial trading profits. Costs had also shown a moderate increase. However, he said his comments applied only to the parent bank and not the group.

Speaking after almost three months in office, he said Dresdner had drawn a line under last year's "turbulences" which led to damaging board resignations.

He restated the group's determination to expand in investment banking, although no acquisition talks were taking place in the US. He expected talks on asset management co-operation with the insurer Allianz to be completed this year.

Dresdner has already announced higher 1997 profits, after setting aside DM600m ($328m) for Asian loan risks. Pre-tax profits rose 19 per cent to DM3.3bn, with a return on equity of 21 per cent. Net income was up 7 per cent to DM1.7bn. Earnings per share rose from DM2.87 to DM2.99.

Net interest income advanced 8 per cent to DM7.5bn, with commission income 29 per cent higher at DM5.3bn. Financial trading profits jumped 89 per cent to DM1.3bn. Costs and investment spending increased 15.6 per cent to DM9.9bn.

Operating profits were up 9.6 per cent to DM3.14bn. The investment banking unit, Dresdner Kleinwort Benson, accounted for DM1.54bn, with a 30 per cent return on equity.

Institutional asset management accounted for DM397m. Corporate finance contributed DM898m and private customer business DM664m, both with a 16 per cent return.

Growth in Europe helps Tag rise 18%

By William Hall in Zurich

Tag Heuer, the Swiss luxury watch company, increased 1997 net income by 18 per cent to SFr31m ($20.8m).

It said strong growth in Europe and the Americas, helped by the launch of its expensive Kirium brand, more than offset the weakness in Asia, which in 1996 accounted for 43 per cent of total sales.

The group, floated on the Swiss stock market at SFr245 in 1996, is one of a number of luxury goods companies whose shares have been hit by concerns about its Asian exposure.

Earlier this year they touched a low of SFr105, but yesterday closed up SFr1 on the day at SFr160 following management's forecast that the Asian crisis would reduce sales by no more than 2 per cent to 3 per cent in 1998.

It still expected group sales to grow by between 5 per cent and 10 per cent this year and operating margins to recover from 16.4 per cent to more than 20 per cent.

Group sales, which had shown a compound annual growth rate of 26 per cent in the period 1988-96, rose 13 per cent, to SFr474m in 1997. European sales grew 30 per cent to SFr133m and sales in the Americas rose 22 per cent to SFr170m.

The group is paying its first dividend of SFr1.50 a share.

Pharmaceuticals lift Nestlé

By William Hall

Nestlé, the world's biggest food company, yesterday reported a 17.8 per cent increase in net profits to SFr4.0bn ($2.7bn) in 1997, helped by its little-known pharmaceutical products business.

Operating profits at the pharmaceutical division, which is a world leader in eye-care products, rose 44 per cent to SFr825m in 1997, compared with 18 per cent growth in beverage profits to SFr3.2bn.

Pharmaceuticals was the second most important contributor after the beverages division, which takes in brands such as Nescafé and Perrier mineral water.

Pharmaceuticals generated SFr252m of operating profit growth in 1997, compared with increases of SFr245m in milk products and ice cream, SFr186m in prepared dishes and SFr41m in chocolate – all areas where Nestlé is market leader.

Nestlé has been criticised for not divesting non-core businesses such as pharmaceuticals. However, James Amoroso, of Bank Julius Baer in Zurich, said the latest results confirmed that Nestlé should not sell the Alcon pharmaceutical operation.

The division's operating margin of more than 25 per cent compared with less than 10 per cent in milk products, prepared dishes, and chocolate and confectionery, which together account for more than two-thirds of group sales.

Nestlé said its improved profits had been helped by a "careful purchasing policy for raw materials", the rapid adaptation of selling prices in the coffee sector and reduction of fixed costs in production.

Group net financial debt fell by SFr2bn to SFr4.8bn, while earnings per share rose 17.8 per cent to SFr101.8.

Nestlé's shares, which have risen sharply this year, fell SFr37 to SFr2,788 yesterday.

NEWS DIGEST

INTERNET

Qwest to acquire EUnet in $154m deal

Qwest Communications, the fast-expanding US-based communications group which is in the process of building an advanced high-capacity fibre-optic data network, is acquiring EUnet, one of the largest independent internet service providers in Europe for $154m. The deal underlines Qwest's determination to build its international operations and signals a further consolidation in the fragmented European ISP market.

Qwest is the latest US telecoms operator to buy into the growing European internet market. Pipex, the UK's biggest commercial internet service provider, was acquired by UUnet and is now part of the WorldCom group.

Under the terms of the deal, EUnet's shareholders will receive about $135.5m in newly issued Qwest shares, $4.5m in cash and about $14.4m in cash or additional shares at Qwest's option. EUnet has business units operating in 13 countries in Europe – Austria, Belgium, Finland, France, Spain, Portugal, Norway, Sweden, Luxembourg, Czech Republic, Switzerland, Romania and Estonia – and it has about 60,000 mostly business customers. Revenues last year were $55m, a figure expected to grow to about $75m this year.

For EUnet the deal will bring access to Qwest's transatlantic capacity and enable it to further expand its operation in Europe. The European data market, including internet services, is growing rapidly and is expected to be worth $55bn by the end of the decade. **Paul Taylor**

TELECOMMUNICATIONS

Tess wins Brazil concession

A consortium including Telia, the Swedish telecommunications group, has cleared the final legal hurdle in its attempt to win a concession to operate cellular telephone services in the Brazilian state of São Paulo. Brazil's Supreme Justice Tribunal (STJ) found in favour of the consortium, known as Tess, in its appeal against disqualification from the tender process last year.

In April, Tess made the highest bid, of R$1.33bn (US$1.17bn), for a 20-year concession to provide services in an area covering São Paulo minus the state capital, but was disqualified on grounds which included failure to use a legally recognised translator and to spell out its bid in words as well as figures.

A lawyer representing the consortium said the ruling was a "relief" for Brazil's privatisation programme as it showed contracts could be awarded according to the spirit rather than the letter of the law.

Tess won a previous judgment against disqualification in the STJ in November, but could not be declared winner until yesterday's final ruling.

Tess's other members are the Brazilian companies Airline Cellular and Primave, part of CR Almeida, the construction group. **Jonathan Wheatley, São Paulo**

GLASSMAKING

PPG to sell European arm

PPG Industries, the Pittsburgh-based manufacturer of coatings, chemicals, and fibre-glass, announced yesterday it was seeking to sell its European flat and automotive glass interests, which are based in France and Italy. The businesses employ about 2,750 people, and had sales last year of some $450m – a relatively small portion of PPG's total glass sales of $2.1bn.

The company said the operations were profitable and had made efficiency improvements. However, it was "not a major force in the region's highly competitive glass industry" and did not meet strategic requirements. **Nikki Tait, Chicago**

SOFTWARE

Corel posts US$21m loss

Corel, the Canadian software manufacturer, said yesterday that a sharp drop in first quarter sales of WordPerfect and other products led to a net loss of US$21m, or 36 cents a share. That compares with a first quarter loss last year of US$11.3m, or 19 cents. Sales in its 1998 first quarter, ended February 28, fell from US$80.7m to US$45.5m. Industry analysts said the company has been losing market share to Microsoft products such as Office.

Michael Cowpland, Corel chief executive, said the company was taking steps to improve business efficiency.
Scott Morrison, Toronto

MORGAN STANLEY DEAN WITTER FINANCIAL SERVICES GROUP UNVEILS PLAN TO SELL OFF SOME OPERATIONS

US group to cut credit-card business

By William Lewis in New York

Morgan Stanley Dean Witter, the US-based financial services company formed through a $24bn merger last year, yesterday announced a plan to sell off and close down parts of its credit-card business.

The company said it was entering into agreements to sell its Prime Option MasterCard credit-card portfolio and was discontinuing its Bravo card in an attempt to focus on its Discover credit-card business.

However, Bob Scott, chief financial officer, said executives were reviewing the benefits that the Discover business brings to Morgan Stanley's core investment banking and retail financial services, and indicated it might consider a sale in the longer term.

"We really need to spend more time understanding where this [credit-card] business is going and what it is we have in these 40m Discover card holders," Mr Scott said. He added: "We would not want to sell the credit-card business today and conclude three years from now that, given our customer base, we really need to buy a credit-card business."

Morgan Stanley said the Prime Option sell-off was expected to close in the second quarter but declined to name the likely acquirer, saying only that the sale "will not have a material impact on net income in the quarter".

The credit-card announcement came as Morgan Stanley reported first-quarter earnings marginally ahead of analysts' expectations despite a decline in net income in its credit and transaction services division.

The company reported net income of $691m for the quarter ended 28 February, a 21 per cent increase on last time's $571m. Diluted earnings per share were $1.10, against 91 cents last year. According to First Call, the Boston-based earnings consultancy, analysts' average first-quarter 1998 forecast of was $1.06 a share.

Net revenues were $4.04bn, up 16 per cent on the $3.47bn a year earlier. Net income in securities was $472m, a 31 per cent increase on last year, while in asset management net income was up 40 per cent at $120m. The firm said the results in institutional securities were particularly strong in North America and Europe, while "the Asian market environment remained uncertain".

It also achieved record quarterly revenues from merger and acquisition advisory work.

Morgan Stanley's credit and transaction services division achieved $99m of net income, down 21 per cent on last year. It said the decline reflected "an increase in the provision for loan losses which more than offset a modest increase in revenues and lower operating expenses".

The consumer-loan net charge-off rate – the proportion of Morgan Stanley's credit-card loan portfolio it has written off – increased to 7.5 per cent in the first quarter from 6.91 per cent a year ago.

Mr Scott also said Morgan Stanley was interested in adding to its $356bn of assets under management through possible acquisitions outside the US.

All change in McDonald's US kitchens

By Richard Tomkins in New York

McDonald's, the US fast food company, yesterday announced a $190m plan to revive flagging demand for its burgers by changing the kitchen equipment in all 12,380 of its US outlets.

It said it was switching to a "Made for You" preparation system in which burgers would be made to order instead of cooked in batches and left sitting under a hot lamp until bought.

About 85 per cent of McDonald's US outlets are operated by franchisees, who will be encouraged to make the changeover with a contribution of $12,500 towards the expected cost of $25,000 for each restaurant.

Together with the cost of converting the company's own restaurants, the changeover is expected to result in a pre-tax charge of $170m-$190m to second-quarter profits.

McDonald's has been suffering a loss of market share and weak profits in the US, partly because of the successes scored by Burger King, part of the UK's Diageo group, with its "Have It Your Way" custom-made burgers.

Under the existing McDonald's system, customers who want variations on the standard menu – for example, a burger without the gherkin – have to wait while the production process is interrupted.

Under the new system, all food will be made to order with the help of an electronic transmission system which will relay customers' requirements direct to the kitchen.

Michael Quinlan, chairman and chief executive, said: "The most important benefit to customers will be fresher, hotter food, served fast. Restaurant managers and crew will benefit from an easy-to-use system that takes the stress and guesswork out of delivering great-tasting food."

The system would also support future growth through product development because it could more easily support an expanded menu, Mr Quinlan said.

Michael Quinlan: Food will be fresher, hotter, and served fast

The company expects all US restaurants to have been converted by the end of next year, but there are no plans yet to convert any restaurants outside the US.

In two other moves aimed at boosting US profits, McDonald's announced a new restaurant financing plan and the appointment of a consultancy to see how costs could be cut at its Oak Brook, Illinois, headquarters.

The company said it aimed to cut capital spending by offering US franchisees the opportunity to buy any restaurants built or rebuilt from now on, instead of renting them.

The headquarters streamlining raises the spectre of job cuts among the workforce of 2,700.

Two more Bermuda insurers link

By Christopher Adams, Insurance Correspondent

The latest round of consolidation in global reinsurance markets intensified yesterday as another Bermuda-based group acquired one of its rivals.

Ace, a young and acquisitive insurance company, is buying Cat Limited, the property and catastrophe reinsurer, for $711m. The deal, the second major acquisition in less than two weeks involving two Bermuda-based insurers, shows how the island's companies are responding to tough competition by diversifying.

Bermuda is one of the world's biggest commercial insurance centres. Companies on the island, most of which have traditionally specialised in liability or catastrophe insurance, benefit from an accommodating fiscal regime and have enjoyed rapid growth.

But excess capital and falling premium rates have begun to erode margins. The big multinational customers are attaching greater importance to size, so Bermuda's insurers are having to branch out geographically and into new classes.

Ace, which specialises in "long tail" business, such as product liability and insuring company directors, has already begun to diversify. It bought Tempest Re, a property catastrophe reinsurer, for $900m in 1996 after a bidding battle with IPC.

Cat Limited, which is privately owned and earned net written premiums of $136m last year, will operate under the Tempest Re name.

The latest acquisition follows a $2.9bn agreed offer from Exel for Mid Ocean earlier this month.

It will be financed initially with a mix of $390m of short-term borrowing and cash. The transaction requires the approval of Bermuda's Minister of Finance and should be completed by early April. Ace said it would issue up to 16.5m shares in a public offering.

CAR PARTS SPECULATION OVER RIVAL BID

Echlin shares jump as results beat forecasts

By Nikki Tait in Chicago

Shares in Echlin, the car parts maker fighting an unwanted $3bn bid from SPX, yesterday jumped by about 6 per cent, as the company reported slightly better than expected second-quarter earnings.

Wall Street also speculated that rival bidders might emerge now that the local state legislature has killed a measure which could have protected the incumbent Echlin board for months.

In early trading, shares in Connecticut-based Echlin had risen by $3⅞ to $52⅛.

On Wednesday afternoon, the state parliament voted down a proposal to amend laws which currently allow a bidder to requisition a special meeting within a relatively short time period provided there is sufficient shareholder support, and oust existing directors at that meeting.

Michigan-based SPX has already delivered a meeting request to Echlin and, if its claimed shareholder support checks out, Echlin would be required to hold the meeting by late June.

Yesterday, however, the target company reported second-quarter earnings of 42 cents a share, 11 per cent higher than the 38 cents a share made in the same period a year earlier and the first year-on-year increase since 1995.

After-tax profits for the three months were $26.9m, up from $23.6m a year earlier. This brought profits for the first six months of its financial year to $59.5m, compared with $61.7m a year ago.

Echlin said the result was due to its "strategic repositioning plan" and added that the momentum should accelerate.

The group added that costs associated with the SPX bid had knocked about $1m – or 1 cent a share – off the result.

On average, analysts had been predicting earnings per share of about 41 cents, according to the First Call research group, although Echlin did indicate earlier this week that it would slightly outstrip Wall Street projections.

But Echlin's sales for the second quarter were down year-on-year, at $835.7m, compared with $842.2m previously.

It said that this was principally due to the disposal of some businesses, and that the underlying picture was flat – with price increases offsetting a 2.5 per cent unit volume decline.

"Our heavy-duty brake and original equipment business units reported good sales increases. However, industry-wide softness hurt our North American aftermarket business," said Larry McCurdy, chairman.

But yesterday's share price rise appeared to have more to do with speculation that a rival bidder would now enter the fray, in the light of the legislative defeat for Echlin.

The share price stands above the $48-a-share cash and stock offer made by SPX.

Names already in the frame include Dana Corporation, AlliedSignal, and Federal-Mogul – although the last is already digesting two recent acquisitions.

SBC Warburg left with large Orange stake

By Stefan Wagstyl, Industrial Editor

SBC Warburg Dillon Read, the investment bank, has been left holding a substantial stake in Orange, the mobile telephone company, after a stock market selling operation was hit by yesterday's general fall in share prices.

Traders estimated the bank could have been left with up to 50m shares, worth nearly £200m ($334m). SBC Warburg said it had a "residual holding" for investment purposes but declined to disclose its size.

SBC Warburg bought 193m shares, or 16.1 per cent of Orange, for £763.8m on Wednesday night from British Aerospace, the aerospace group, which is selling non-core assets. The deal was struck at 395¾p, a discount to Orange's Wednesday closing price of 418½p.

SBC Warburg started selling the shares to institutional investors, but its strategy was upset by the general decline in share prices which dragged Orange stock down. SBC Warburg said it managed to get most of its holding away at a minimum price of 399½p. But as the price fell towards an intra-day low of 390p, it stopped selling with shares still on its books. Orange closed 21½p down at 397p.

According to London Stock Exchange data, 143m Orange shares were sold in the market yesterday. Traders estimated this meant SBC Warburg was left with up to 50m of its 193m shares. Philip Ellick, executive director of the bank's capital markets group, said the bank had retained "a residual holding" for investment purposes. But he declined to say how large this was.

The stock exchange data underestimated the shares sold because it excluded sales to US and other overseas investors, Mr Ellick said. The bank had done well to sell most of its shares on Wednesday night in the US and early yesterday in London, avoiding the worst of the overall share price fall. "Some people might call it luck. We might say it was skill."

Analysts said the day's events could hit the Orange share price, which had risen rapidly in recent months before yesterday's decline. "There will be a stock overhang," said one who declined to be identified. However, SBC Warburg is not expected to sell its stock below its purchase price.

British Aerospace previously held 21.1 per cent of Orange and will retain a 5 per cent stake to cement its relationship with Hutchinson Whampoa, the Hong Kong-based trading company which is Orange's biggest shareholder. The company is selling non-core assets in order to focus on aerospace and defence.

Williams sells ICI European unit for £350m

By Roger Taylor

Imperial Chemical Industries has agreed to pay £350m ($585m) for most of the European home improvements businesses of Williams, the former conglomerate.

The deal, which involves well known brand names such as Polyfilla, the plaster filler, marks how far ICI has moved in its strategic shift away from bulk industrial chemicals towards the specialist chemical products and consumer goods.

Williams, which announced two weeks ago that it planned to complete the job of turning itself from a conglomerate into a focused fire protection and security business, plans to return £300m of the proceeds to shareholders.

It won shareholder approval for the move at yesterday's annual meeting. This would keep the company debt at the target level with interest cover of 5-6 times.

Yesterday, Williams added that it planned to float Robbialac, its Portuguese paints business, on the Lisbon stock exchange some time next year. This is expected to raise about £100m and would complete the sale of the European arm of the Home Improvements division.

Roger Carr, chief executive, said he had decided on a floatation of Robbialac rather than a trade sale, because the Portuguese stock market was particularly strong and offered a higher value than any other route.

The sale of Nu-Tone, its US building products business, for £145m was announced earlier this month.

Mr Carr said negotiations were progressing over the sale of the final part of the home improvements business – the US paints business. A deal is expected later this year. ICI said it would not want to buy this business.

ICI said yesterday's deal would help bolster its paints business in Europe – the area where it is currently weakest. Analysts said it was paying a full price for the businesses but that they made a good strategic fit with ICI's other coatings businesses, which include the Dulux paint brand.

The price is 1.9 times sales of £185m and 16 times earnings for 1997.

Profits before interest and tax were £34m and net assets at the end of last year were £45m.

Williams shares rose 24½p to 451p. ICI's fell 11p to £10.56.

Next shares fall by a quarter

By Peggy Hollinger

Shares in Next plunged 24 per cent yesterday as the high-street fashion retailer revealed its first underlying sales decline in eight years, prompting an equally surprising profits warning.

The admission from one of the sector's most highly regarded management teams that they had made fundamental errors brought an abrupt halt to the City's long love affair with the company. Its shares, which have increased more than eight-fold since 1990, yesterday lost 173½p to close at 544p.

David Jones, the chief executive who with chairman Lord Wolfson of Sunningdale is credited with rescuing Next from collapse in the early 1990s, said poor stock controls meant first half profits would be lower than last year's £71.2m ($118.9m).

Store sales in the first seven weeks of the financial year were running 1.5 per cent down on 1997, in spite of a 12 per cent increase in space. The problem was two-fold, he said. First, the group had failed to stock up sufficiently on its best-selling lines of women's wear and children's clothing. This was partly a reaction to over-stocking problems at Christmas which led to heavier than expected markdowns in the January sales.

Second, Next had ignored its core customers, by devoting too much of its range to high fashion products. "Let's be open and honest about it," he said. "We have made a mistake."

Moreover, he warned, recovery was at least six months away because of the

David Jones: confident brand was not damaged

long lead times in developing new ranges.

Mr Jones admitted Next's long run of success since 1990 had also made the company complacent about retailing procedures. Basic mechanisms had been abandoned as the top management team turned its attention away from retailing to the £90m warehouse development programme. However, he said, "people now realise they do not have a divine right to be successful".

Steps had been taken to ensure the mistakes would not be repeated - including forming a six-member team to monitor buying procedures. Mr Jones said he was confident the Next brand had not been damaged. Customers were still coming to the stores, and the menswear range was showing good growth.

Next's warning came as the group announced a 13 per cent jump in pre-tax profits before exceptional gains to £176m for the year to January 31. Sales were 24 per cent ahead at £1.05bn.

Two Powerscreen directors quit

By Andrew Edgecliffe-Johnson

Shay McKeown and Barry Cosgrove, the chief executive and finance director of Powerscreen, yesterday, abruptly stepped down as directors after the Northern Irish engineering group said they had "lost the confidence of the board."

The news follows reports in the Financial Times that Mr Cosgrove attended a meeting to discuss pricing problems at its Matbro subsidiary on December 1 last year, more than two weeks before Powerscreen issued 3m new shares without warning of the difficulties.

The subsequent discovery of "irregularities" at Matbro forced Powerscreen to announce a £46.7m ($78m) provision on January 27.

Powerscreen's shares rallied 40½p to 236½p yesterday as the company said Mr Cosgrove had left the company with immediate effect. Mr McKeown had agreed to step down as chief executive and as a director, but would stay on as a consultant.

It is believed that Powerscreen has not decided whether compensation will be paid to the pair, but that Mr McKeown is likely to be paid monthly fees in line with his previous pay. Last year Mr McKeown was paid a £249,000 salary and a £247,000 performance bonus, and made £1.93m in share option gains. Mr Cosgrove earned a £201,000 salary and a £247,000 bonus, and made £941,000 from options.

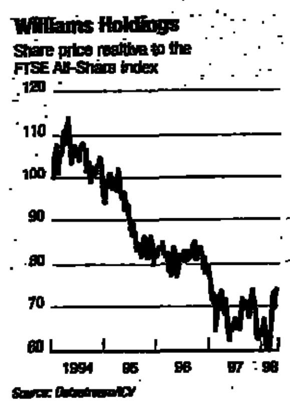
The news was given a mixed welcome by institutional shareholders, one of which said it would be appropriate for directors to repay last year's bonuses. One analyst added: "The general reaction among shareholders has been: "About time too"."

The company expects results of an investigation by KPMG, its auditors, within a week, and plans to announce the results to shareholders soon after. Auditors at Price Waterhouse are reviewing KPMG's work and may recommend improvements to management accounting and control systems.

COMMENT

Williams

There was text-book stuff from Williams yesterday. Netting £350m for its European Home Improvements business, or 1.9 times sales, proves Williams can sell as well as buy businesses at full prices. Handing back £300m of the proceeds to shareholders will mean the earnings dilution from the disposal is limited to 1 or 2 per cent. A minor complaint is that the buy-back could have been more ambitious: boosting it to £500m would still give the company interest cover of 4.5 times, and that is before taking into account the £145m of proceeds from the sale of Nu-Tone. That said, yesterday's announcement has been enough to earn the company a near market rating, putting its shares on 18.5 times this year's earnings. Can they do better? Williams' European rivals, such as Securitas, trade on over 30 times earnings. Multiples of enterprise value to earnings before interest, tax and depreciation are less striking, but Williams is still at a discount: a multiple of 9 compared with 12.6 for Securitas.



Electronic surveillance aside, Williams still includes unglamorous bits such as fire hoses and safes. With organic growth averaging 10 per cent, smart in-fill acquisitions will be needed to earn the premium rating Williams wants. Rentokil it is not.

Powerscreen

Two directors leave unceremoniously and the share price jumps 20 per cent. That is the market at its most eloquent. Powerscreen's non-executive directors have finally discovered their teeth, and bitten off the finance director. But keeping the chief executive on as a consultant is clearly not satisfactory for any length of time. The non-executives should now demand that the three executive directors – Shay McKeown, Barry Cosgrove and Patrick Dooey (who resigned in February) – pay back both last year's performance related bonus, of £740,000, and the whopping gains of £4.2m made on the exercise of share options during 1997. Even after yesterday's recovery, shareholders have still seen the value of their investments plummet by more than 50 per cent as a result of the "irregularities" the board said it had discovered in January. Directors' wallets should suffer too.

Clubhaus in new drive

Clubhaus, the European golf course operator, plans to expand by introducing health and fitness facilities at several of its clubs and offering its own line of golf merchandise, under the brand name Ikarus. It made the announcement yesterday as it reported a sharp increase in profit and turnover for 1997.

Turnover rose from £7.32m in the 13 months to December 31 1996 to £17.88m ($29.7m) last year, with £8.06m from acquisitions. The number of club members increased from 4,000 to 15,000, lifting subscriptions to £5.45m (£2m).

Pre-tax profit rose to £5.08m (£1.49m) after exceptional costs of £700,000 associated with relaunching and upgrading facilities, and an exceptional gain of £1.55m on early settlement of loans.

COMPANIES AND FINANCE: UK

BMW puts in bid for Rolls-Royce

By Roger Taylor and Graham Bowley

The battle for control of Rolls-Royce Motor Cars, the luxury car maker, hotted up yesterday when BMW, the German car maker, put in a bid a day after its rival Volkswagen.

Vickers, the engineering group auctioning Rolls-Royce, has also received a bid from Kevin Morley, a former Rover director who has been working with a group of Rolls-Royce enthusiasts.

BMW has been widely seen as the favourite to buy Rolls-Royce because it supplies the engines for the latest model, the Silver Seraph. It has indicated it would consider withdrawing its engines if another car manufacturer bought the company.

However, observers suggested yesterday that VW could turn this to its advantage by offering to source engines from Cosworth, the engine design subsidiary of Vickers.

"The decision may not just come down to price. It could be about what else the buyer has to offer Vickers," one said.

Vickers hopes any remaining bids will come in in the next few days. Doughty Hanson, the private equity group, is thought likely to put in an offer.

Germany's Daimler Benz, however, which has been tracking the auction process from the start, and had been planning to make an offer with Goldman Sachs, the investment bank, has pulled out.

Vickers is hoping to sell the business for between £300m and £400m ($668m) although some bids are thought to be as low as £250m. The possibility of competition between the two German car makers will bolster Vickers' hopes of getting a good price.

BMW yesterday declined to comment on the auction. It said Bernd Pischetsrieder, its chief executive was out of the country. It would not say where he was travelling.

One issue yet to be resolved is control of the Rolls-Royce brand name. Rolls-Royce, the aero-engine manufacturer of which the car company used to be part, drew up a contract before selling the business under which it retained rights over the name in the event of the company's going to a foreign owner.

Vickers has appealed to the European Commission arguing that this is in breach of competition rules, but has not yet received an answer.

Vickers has said it could proceed with a sale on a conditional basis if it does not get an answer in time. It hopes to complete the auction within the next two months.

BTR unveils $550m disposal

By Andrew Edgecliffe-Johnson

BTR, the restructuring conglomerate, unveiled its fourth significant disposal in less than five months yesterday, with the $550m (£330m) sale of its US metal building components business, MBCI.

The disposal, to NCI Building Systems, the fourth largest supplier of metal buildings in the US, means that BTR has completed more than 90 per cent of the two-stage disposal programme it set itself last year. Ian Strachan, chief executive, said: "This has met the best of our expectations, and we have not incurred substantial costs or fees as some analysts had predicted."

Analysts had feared that tax liabilities and advisers' fees for the entire disposal process could come to as much as £480m.

But Mr Strachan said "our estimate is that there will be very little tax to pay at all" on the MBCI disposal.

BTR will report a £25m profit on the disposal, after reinstating goodwill.

The profit before goodwill written off is £210m.

The sale price represents a multiple of 1.3 times MBCI's sales of £250m for 1997 – compared to analysts'expectations that BTR would receive just 1.1 times sales.

Andrew Mitchell, an analyst with Merrill Lynch, said: "The price is certainly better than I had thought and it is good that they are getting on with focusing the business."

BTR's shares slipped 1½p to 199½p, however, as the strong pound continued to take its toll on engineering stocks.

BTR had to announce a second phase of disposals last September, after investors complained that its original disposals had not gone far enough.

Of the businesses it put up for sale in September, which had combined annual sales of £2.8bn, it has sold about £2.6bn worth of turnover.

The remaining "phase two" disposals, including Japanese building products, and Australian polymer and distribution businesses, are seen as being the hardest to sell. They should fetch about £250m.

Lower prices peg growth at Yule Catto to 4.4%

By Jonathan Ford

Yule Catto, the chemicals and building products group, struggled to maintain its growth record last year, turning in a 4.4 per cent advance in pre-tax profits to £38.1m ($63.6m).

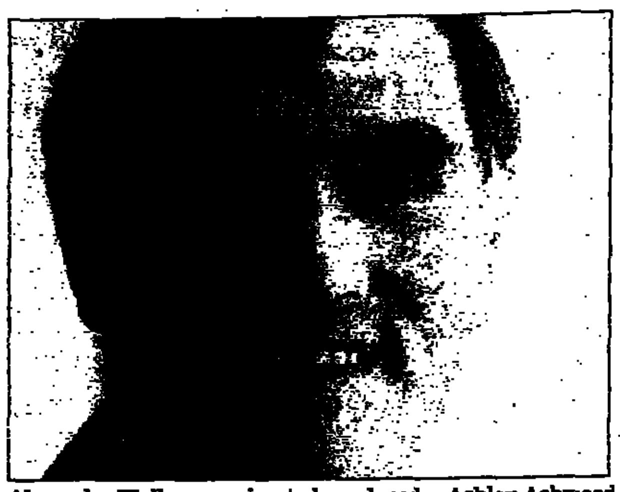
Although sales volumes increased, turnover fell from £383.8m to £367.2m, reflecting lower selling prices prompted by decreased raw materials costs, and a £36m reduction on foreign currency translation.

Alexander Walker, chief executive, said the strong pound had also reduced pre-tax profits by £3m.

The results were in line with analysts' forecasts and the shares rose 5½p to 369p.

Profits from speciality chemicals rose 10 per cent to £35.1m, helped by a recovery in margins as raw material prices fell, and a shift towards higher-value products.

The building products division saw profits fall from £7.8m to £7m, owing mainly to the strength of the pound.



Alexander Walker: gearing to be reduced *Ashley Ashwood*

The figures did not include any contribution from Holiday Chemical Holdings, which Yule Catto acquired for £256m in January. The purchase will change Yule Catto's shape. Holliday's main business is the manufacture of intermediates for the pharmaceutical industry, which will represent a third of future group sales.

Mr Walker said the group was excited by the growth opportunities in pharmaceutical intermediates: "More and more drug manufacturers are looking to outsource production and we are well placed to become their suppliers." He also said that Yule had acquired Holliday for "a very reasonable price" compared with "some of the fancy numbers involved in recent deals".

Bacardi silent on whisky deal

By John Willman

Bacardi-Martini, maker of the white rum, refused to comment yesterday on reports the Bermuda-based group is about to acquire Dewar's scotch whisky from Diageo, the world's largest drink company, for some £800m ($1.34bn).

The sale of Dewar's, the leading brand in the US, was one of two deals required by the Federal Trade Commission as a condition for approving the merger of Guinness and Grand Metropolitan in December to form Diageo. Dewar's sold 2.7m nine-litre cases last year, with trading profits estimated by analysts at about £60m.

Allied Domecq, the second-largest drinks company, withdrew from the race for Dewar's earlier this month after the bidding topped £600m. Other companies which have expressed an interest include Pernod-Ricard of France and Seagram, the Canadian drinks and entertainment group.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Arnotts ♣	Yr to Jan 31	78.6	(69)	7.72	(6.8)	43.6	(29.5)	9	June 30	7.25	13	11
Ayrshire Metal	Yr to Dec 31	46.3	(42.9)	1.51♠	(2.23)	7.5	(14.6)	nil	-	nil	45#	5
Beauford	Yr to Dec 31	28	(37.1)	1.15	(1♠)	1.9†	(1.42)	0.5	July 1	0.5	0.8	0.75
Beazer	6 mths to Dec 31	264.9	(227.4)	31.4	(23.8)	8	(5.8)	2.3	May 5	2.1	-	6.6
CFS	Yr to Dec 31	6.83	(4.57)	0.813	(0.552)	8.29†	(6.44)	1.3	July 1	1.1	1.3	1.1
Clubhaus	Yr to Dec 31 ☆	17.9	(7.32)	5.08♥	(1.49)	5.3†	(3.6)	-	-	-	-	-
Dialog	Yr to Dec 31	46.1	(21.4)	20.4L♠	(7.03L♠)	20.52L†	(7.82L)	-	-	-	-	-
Dragons Health Φ	6 mths to Jan 31	3.33	(1.76)	0.349	(0.269)	3.3	(4.8)	0.95	May 14	-	-	0.66
Eclipse Blinds	Yr to Dec 31	45.4	(41.6)	6.27♠	(6.3)	9.25	(8.7)	2.4	May 31	2	3.6	3
Frogmore Estates	6 mths to Dec 31	112.2	(101.3)	17	(11.7)	21.3	(15.6)	4.5	Apr 24	4.3	-	20
Innovative Tech	Yr to Dec 31	3.27	(1.44)	5.59L♠	(3.98L)	16.14L‡	(13.12L)	-	-	-	-	-
Lady In Leisure Φ	6 mths to Jan 31	2.03	(1.02)	0.105	(0.209L)	2	(9.9L)	-	-	-	-	-
Macfarlane	Yr to Dec 31	193.4	(157.1)	22	(20.4)	12.23†	(11.38)	2.95	May 28	2.625	4.5	4.095
Meristem	Yr to Dec 31	32.4	(30.1)	3.58	(3.63)	10.3	(9)	1.6	May 29	1.4	2.4	2.1
Next	Yr to Jan 31	1,177	(946.8)	184♥	(158.8♥)	36.5	(31.5)	12	July 1	10	18	15
Norcor	Yr to Dec 31	37.2	(46.3)	1.18	(1.23)	3.4	(3.3)	2	May 22	2	3.1	3.1
Oriflame Intl	Yr to Dec 31	252.8	(231.5)	39.9	(43.3)	31.3	(34)	12	May 27	10.2	15.925	15.7
Paramount	6 mths to Nov 30 ★	2.47	(2.87)	0.081	(1.17L♠)	0.26L	(10.09L)	nil	-	nil	nil	nil
Queens Moat Houses	Yr to Dec 28	394.6	(449.8)	35♥	(15♥)	8.4	(4.2)	nil	-	nil	nil	nil
Quicks	Yr to Dec 31	384.6	(365.3)	5.88	(5.21)	14.4†	(13.7)	4.5	June 9	4.25	7.75	7
Science Systems Φ	Yr to Dec 31	18.6	(14.6)	1.86♥	(1.27)	6.8	(3.7)	0.59	July 1	-	0.59	-
Silvermines	Yr to Dec 31	87.7	(65.3)	5.57♥	(4.14♥)	5.02†	(4.52)	1	July 1	0.95	1.45	1.3
Singer Friedlander	Yr to Dec 31 ★	-	(-)	54.1♠	(56.6♥)	13.32	(18.45)	3.22	June 3	2.8	5.35	4.65
Slough Estates	Yr to Dec 31	263.1	(220.2)	93.2♥	(75.5♠)	15.7	(12)	2☨	May 22	5.75	9.525☨☨	9
Swan Hill	Yr to Dec 31	88.4	(345.2)	8.79♥	(3.87L)	11.7	(7.4L)	1.65	June 3	1.5	2.75	2.5
Tibbett & Britten	Yr to Dec 31	924.2	(713.2)	28.2	(23.8)	41†	(35.8)	13	May 29	12	18.5	17.2
Tottenham Hotspur	6 mths to Jan 31	19.6	(17.1)	4.02	(6.03)	2.1	(5.7)	0.33	May 1	0.33	-	1
Tudor	Yr to Dec 31	18.2	(16.8)	1.28	(0.802)	7.69	(3.58)	2	July 6	1.67	3	2
Universal Ceramic	Yr to Dec 31	42.3	(39.5)	3.76♥	(3.08)	10.1†	(8.2)	3.7	May 18	3.35	5.5	4.95
Vision	6 mths to Jan 31	4.09	(7.22)	2.56L	(0.12)	6.8L	(0.34)	-	-	-	-	-
Wolstenholme Rink	Yr to Dec 31	83.9	(89.4)	7.51	(5.51)	62.5	(44.9)	17	May 20	16	27	25.5
Yule Catto	Yr to Dec 31	367.2	(383.8)	38.1	(36.5)	24.4	(22.7)	6	July 6	5.4	10	9

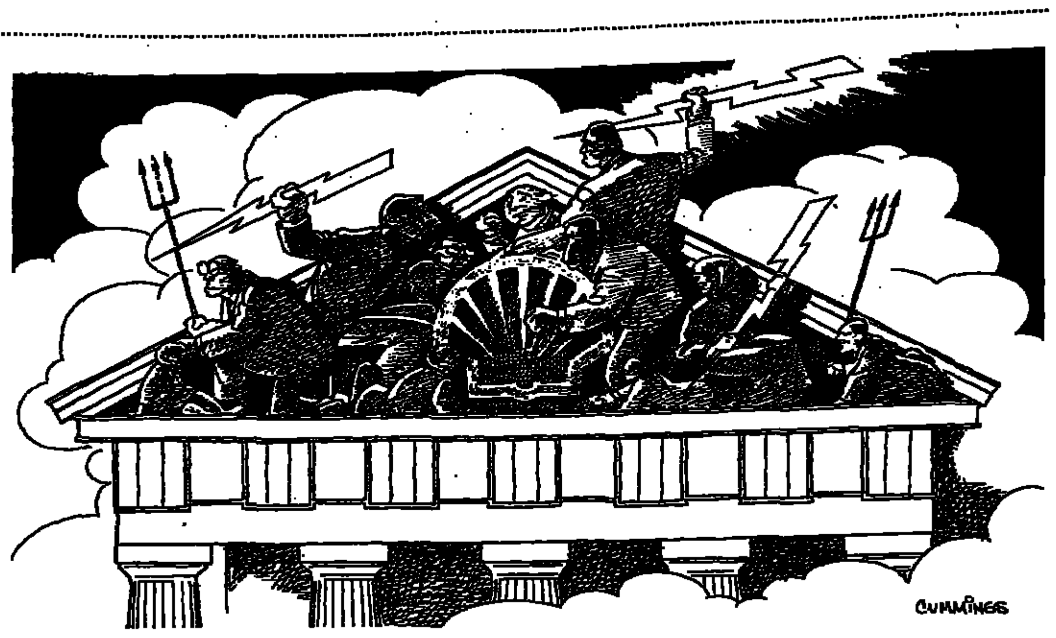
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BG Japan	6 mths to Feb 28	510.2	(576.4♦)	0.287L	(0.324L)	2.18L	(2.46L)	-	-	-	-	-
Edinburgh Dragon	6 mths to Feb 28	69.14	(102.82)	0.189L	(1.18L)	0.07L	(0.44L)	-	-	-	-	-
Fleming Mercantile	Yr to Jan 31	442.1	(425.2)	15.9	(15.9)	11.03	(10.98)	4	May 1	3	10	8.7
Invesco City & Comm	Yr to Jan 31	154.7	(139.6)	0.736	(0.735)	5.79	(5.78)	3.35	May 20	3.2	4.65	4.5
Premium	6 mths to Feb 28	148.7	(119.8♦)	0.351	(0.237)	1.77	(1.2)	1.5☨☨	May 15	1.5	-	4

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♣Irish currency. #Includes 43p special. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡On reduced capital. ☆Comparatives for 13 months. ΦAim stock. ★Comparatives restated. ☨Foreign income dividend. ☨☨Includes FID element. ♦At August 31.

MANAGEMENT INSIDE ROYAL DUTCH/SHELL

Thunder on Mount Olympus

Robert Corzine examines the unique role of the oil group's highest tier of governance



Boardroom battles at Royal Dutch/Shell, the giant Anglo-Dutch oil group, are fought at an *Olympian* level. Mere mortals – or for that matter most of the company's senior managers – may occasionally hear the thunder that signals the start of a clash.

But few are afforded a glimpse into the complex manoeuvring at the most lofty levels of one of the most closed corporations of modern times; a company that, in the words of one executive, "spent much of the 20th century operating on radio silence".

Shell has embarked on a wide-ranging transformation to rid itself of its worst character traits, such as slow decision-making, bureaucratic inertia, technical and business arrogance and an often wooden approach to the outside world.

It wants to replace the old hierarchical management model with a system that combines unconventional thinking with flexible and nimble corporate responses.

The ambitious transformation under way within the world's second biggest company has seemingly left its highest supervisory body standing supremely isolated above the fray.

This group, the so-called "Conference", consists of the combined boards of Royal Dutch and Shell Transport and Trading. It is a curious institution within a unique corporate structure. In essence, the Shell group is a 90-year-old unconsummated merger between Dutch engineers and more marketing-minded British businessmen. Informal corporate governance bodies have emerged around the grouping.

The Conference is perhaps the company's single most influential group. It has no legal standing but its powers over executive directors are legendary. As Shell T&T's official history notes: "Although it had no existence in law, the Conference held considerable *power of moral suasion* over the Committee of Managing Directors' [the company's most senior executive body] decisions..."

It is also a living shrine to the corporate ancestor worship that serves as a state religion at Shell. Former chairmen of the Committee of Managing Directors were traditionally bumped up at retirement to non-executive slots at Royal Dutch or Shell T&T, from where they can exert influence over the group for years.

Mark Moody-Stuart, the incoming CMD chairman, claims the system has advantages in a company with long time horizons, because it ensures continuity.

But critics say it can also act as a brake on reform and modernisation, especially if past executives believe policies they initiated years ago are being brushed aside. The official Shell line is that both boards are fully behind the present transformation.

Executives also say the mystique of the Conference may be overblown. "The managing directors recognise the past chairmen's influence," says John Hofmeister, the group's *transformation co-ordinator*. "And there is a dynamic set of relationships with the Conference, but it is solidly with the group plan."

Not all Shell watchers are convinced.

In February, Cor Herkströter, the outgoing CMD chairman, broke with tradition by turning down an offer to serve as a non-executive on the board of Royal Dutch, the Netherlands-based arm of the Shell group, after retirement in July.

Mr Herkströter's reason for making a full break with Shell after 27 years was simple. It would be impossible, he concluded, to be impartial when it came to discussing projects in which he had been intimately involved as an executive director.

"It's a personal view," he said, and no criticism of predecessors who ended their Shell careers by shifting to non-executive status.

But that is exactly how seasoned Shell watchers interpreted the news. "He wants to seal his revolution by going after van Wachem," said one Shell veteran, in a reference to Lo van Wachem, the former group managing director *who has been chairman of* Royal Dutch's supervisory board since 1992.

Mr van Wachem also chairs the remuneration and succession review committee; it decides the pay of Shell's top executives and hand picks the next CMD chairman. Many analysts believe Mr Herkströter's decision will make it nearly impossible for his successors to revert to the old system.

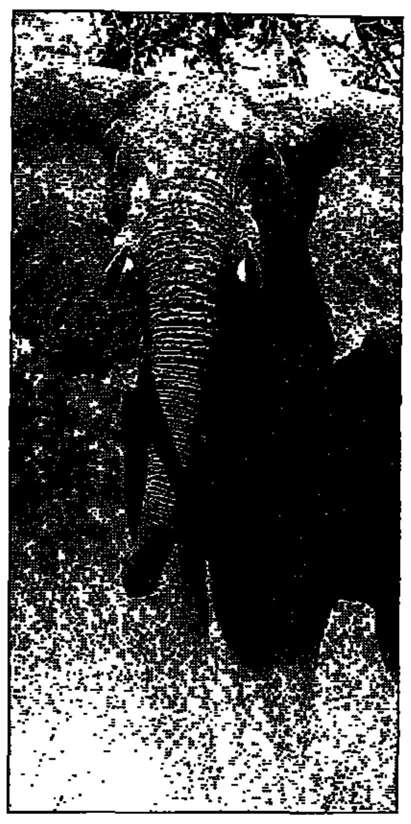
Mr Moody-Stuart rejects suggestions that the board is a "centre of resistance". But what would he do if an issue involving the board threatened the transformation? "If there was anything in the board structure that I felt was impeding what we need to do, I would absolutely discuss it with the board," he says.

"If you start transforming a company it's not the place you start. But it's not completely irrelevant."

One big change being planned is the appointment of the first woman as a non-executive member of the board. Shell will inevitably come under criticism for tokenism.

But Mr Moody-Stuart says Shell is genuinely trying to diversify the board. He has spent time searching for the ideal candidate, who he said will need solid international connections as well as considerable time to devote to the company. "It takes a while to get the right person," he added.

This is the second of three pieces on Royal Dutch/Shell. The first was published on March 13.



In business, as in nature, size does not guarantee survival Picture Nicholas Parfitt

MANAGEMENT STRATEGY

Why size is the sign, not the secret, of success

Many people believe that to be successful, companies *have to be big. But it is not always so, says* ***John Kay***

If there is not much evidence to support the idea that large companies outperform small, or that industrial structures are becoming more concentrated, why do so many people believe these things are true?

These views dominate almost all discussions of business strategy today. They are frequently based on the loose thinking that comes from the use of dead metaphors. People talk of the need for "critical mass", and assert that there will soon only be a small number of "global players".

The most pervasive of these false analogies is the military metaphor. In war, success depends largely on the sheer volume of resources deployed. But that is because war is often a process of attrition, in which each side inflicts damage on the other until one side is no longer able to continue the fight. In this sense, competition in business is not like war at all: detergents and colas are only two markets in which the same companies have fought for decades while each continues to do very profitable business.

There are some industries in which scale truly is all-important. The development of a new commercial airliner demands investment beyond the capability of all but the largest companies. But this is exceptional. Pharmaceutical companies correctly emphasise the scale of resources needed in their industry today. The development and marketing of a new drug might now cost \$500m. But this is well within the resources of even a second-rank pharmaceutical company, such as Zeneca of the UK.

The advantages of size are mostly tangible – based around plant capacity and distribution efficiencies. The disadvantages are mostly intangible – to do with control, co-ordination, motivation and dissemination of information.

It is easy to delude yourself that you will reap all the benefits of scale but none of the costs. And there are many factors to foster that delusion. Managers would be less than human if they were not easily persuaded of their capacity to run organisations much larger than those they presently control, and of the public as well as personal benefits that would arise if they were allowed to do so.

And yet there are good reasons for thinking that the advantages of size *will be less, not more, important in* future. Manufacturing processes, which typically yield scale economies, are of diminishing importance.

And this is simply a particular application of a more general phenomenon. Those activities where size is likely to be a disadvantage – the ones that involve trust relationships between individuals, the sharing of information within groups, and the co-ordination of disparate knowledge – account for an increasing proportion of value added.

The costs of making and distributing physical products, where scale is often of benefit, are correspondingly a smaller proportion of total output.

That contrast is immediately apparent if you compare the leading companies of 1912 with their counterparts today. US Steel, Singer and International Harvester have faded: Coca-Cola, Intel and Merck have arrived. Today's manufacturers, unlike yesterday's, make objects that fit in your pocket. And the same difference between hardware and software is evident if you compare the General Electric of 1912, based on heavy electrical machinery, *with the General Electric of* 1998, reliant on defence technologies, aero engines and financial services.

Microsoft's rivalling of International Business Machines is a literal illustration of the trend.

We look around and see that large companies are generally successful and that today's large companies include many of those – like Coca-Cola, Intel, Merck, General Electric and Microsoft – that have recently been particularly successful.

But that is why they are large: the relationship runs from success to size, not the other way round, and tells us nothing about whether these companies will be more than averagely successful in future.

One repeated lesson from business history is that size provides no protection for a company that lacks competitive advantage, or fails to sustain it.

There is a long list of companies that mistakenly believed their existing size would sustain them, or that greater size would support them after their competitive advantages had been overtaken.

Size is not a sustainable competitive advantage. It can be replicated, and will be, by a company that has a true competitive advantage. It seemed incredible in the 1960s that Toyota – not so long ago a small Japanese manufacturer of textile machinery – could overtake General Motors simply by building cheaper and more reliable automobiles. But it did.

The author is the Peter Moores Director of the Said Business School at Oxford University and a director of London Economics.

This is the last of three articles on the issue of size and scale. Previous pieces were published on Tuesday and Wednesday this week.

LEGAL NOTICES

CLOSURE OF AMP LIMITED DISPUTES RESOLUTION COMMITTEE

On 1 January, 1998, AMP Society demutualised and shares in AMP Limited were issued to the former members of AMP Society. As part of the demutualisation process approved by AMP's members, a Disputes Resolution Committee was established to handle disputes over membership and share allocation rules.

This Committee has authority to resolve disputes over application of the share allocation and membership rules, and also to deal with anomalies produced by the application of those rules.

In accordance with the Articles of Association of AMP Limited, the Committee will cease to function towards the end of April, 1998. After that time AMP's power to deal with disputes about membership and the allocation of shares will be more limited and, in particular, there will be no power to correct anomalies produced by the application of the share allocation and membership rules.

If you have not been allocated the AMP shares to which you believe you are entitled, and you have not already made a claim, it is important that you should make a claim no later than Friday, 3 April, 1998 to enable it to be processed prior to the Committee ceasing to function, by writing to:

Member Response Unit
PO Box R627
Royal Exchange NSW 1225
Australia
Fax: 61 2 9257 1260

Beverley Booker
Company Secretary

AMP
AMPC 9225/UK

BUSINESSES FOR SALE

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

PUBLIC NOTICES

THE SCOTTISH LIFE ASSURANCE COMPANY

Notice is hereby given that the 117th Annual General Meeting of the Company will be held within the Head Office, 19 St Andrew Square, Edinburgh on Tuesday 21 April 1998 at 10.30 am.

A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on poll, vote in his stead. A proxy need not be a member of the Company. Proxy forms must reach the Head Office of the Company not less than 48 hours before the time fixed for the meeting. The sending of the proxy form will not prevent a member who wishes to do so from attending and voting in person.

D C DUNN
Chief Accountant & Secretary

COMPANY NOTICES

CITY OF MONTREAL
3% Permanent Debenture Stock

NOTICE IS HEREBY GIVEN that the Transfer Register will be closed from 14 April 1998 to 30 April 1998, both dates inclusive.

Computershare Services PLC
Registrars
5-10 Great Tower Street
London

BUSINESSES FOR SALE

Range-bound without fresh data

GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Markets closed broadly unchanged but above their worst levels of the day in another quiet session yesterday, still stuck in a narrow range waiting for some economic data that would dispel the current bout of lethargy.

European markets showed little conviction, with *GERMAN BUNDS* still overshadowed by substantial volumes of non-government issuance in D-Marks in the past few days.

"A lot of 10-year non-government debt has been issued, which shows there is a great deal of liquidity in the market at the moment," said David Knott, core Europe strategist at Deutsche Morgan Grenfell.

Bunds got little incentive from the US market, which was mixed in early trading, and the June bund future settled in London at 107.71, down 0.06. About 300,000 contracts were traded in Frankfurt, moderate volume at best. The yield on 10-year bunds stood at 4.86 per cent.

Nevertheless, bunds have continued to manage a marginal outperformance over Treasuries in the past few days. Ten-year Treasuries were yielding 86 basis points more than 10-year bunds by the close in Europe yesterday, compared with 77 basis points 10 days ago.

Investors are wondering whether now is a good time to sell bunds and buy Treasuries, Mr Knott said, but with Treasuries still sensitive to Asian-influenced economic data the spread could widen further.

ITALIAN BTPs achieved small gains as hopes rose of an interest rate cut from the Bank of Italy in the next two months, but traders had one eye on the Bundesbank's monetary union report, which is due to be presented to the German government today.

The June future settled 0.03 higher at 119.72 in quiet trading while the spread over 10-year bunds at one point fell to its lowest level yet of 23 basis points.

UK GILTS weakened but closed above their lowest point as further evidence emerged of economic weakness.

The non-EU trade deficit hit a record in February, and economists were pointing to a possible further deterioration later in 1998 because of the strength of sterling and Asian factors.

The June gilt future settled at 108 $\frac{27}{32}$, down $\frac{1}{32}$, in patchy trading on Liffe, with only 60,000 contracts exchanged by late afternoon. The spread over 10-year bunds widened to 114 basis points.

US TREASURIES were mixed by early afternoon after the release of revised GDP data. The benchmark 30-year bond had gained $\frac{1}{32}$ to 102 $\frac{19}{32}$, sending the yield lower to 5.931 per cent.

The 10-year note was $\frac{1}{32}$ higher at 98 $\frac{15}{32}$, yielding 5.641 per cent, while the two-year note was down $\frac{1}{32}$ to 99 $\frac{23}{32}$, yielding 5.600 per cent.

The Commerce Department reported that GDP for the fourth quarter grew by a revised 3.7 per cent, down from the previously reported 3.9 per cent rate. The report included a downward revision of consumer spending.

In a separate report, initial unemployment claims for the week ending March 21 were shown to have risen by 4,000 to 313,000.

Treasuries continued to trade in a narrow range, waiting for signs that the Asian crisis will offset any threat of inflation due to domestic growth and the ongoing tightness in US labour markets.

"Both releases were in the consensus range. It's a quiet day of trading and the data didn't change that wait-and-see attitude," said Claude Persico, economist at Dresdner Kleinwort Benson.

Next week reports on manufacturing activity should give the market fresh direction. On Tuesday the Federal Open Market Committee will consider interest rate policy. Most analysts are not expecting a change in rates.

Lebanon issue may be doubled

INTERNATIONAL BONDS

By Samer Iskandar

Lebanon's planned eurobond could be doubled by the time it is launched next week, according to bankers.

The amount was increased this week after Lebanese banks alone subscribed more than the $500m initially planned. Paribas, the lead manager, said this week it would issue a $300m five-year tranche, in addition to the planned $500m of three-year paper.

Bankers, however, believe the amount could be increased again, possibly to more than $1bn.

Five of Lebanon's largest banks have already agreed to underwrite $100m of bonds each, and smaller banks were said to have expressed interest for another $200m-$250m. The banks are believed to have pledged to keep a proportion of their allotments on their own books, while selling the rest to clients.

Banks in Lebanon – which has a dollarised economy – are struggling to find lending opportunities because of the country's economic slowdown. Meanwhile, they remunerate depositors' dollar-denominated accounts at rates well above Libor.

TURKEY returned to the D-Mark sector with an eight-year step-down structure offering a coupon of 10.5 per cent for the first two years and 7 per cent thereafter. The deal proved hard to place, with an estimated DM400m remaining on the books of the lead managers, Commerzbank and CSFB.

"We had to buy back more bonds than we expected," said one banker involved with the issue. "DM1bn is a lot of paper for a retail-targeted issue."

The launch also faced competition from recent large issues by Russia and Brazil but Commerzbank said the wider yield spread over bunds made Turkey's deal more attractive.

● Freddie Mac, the US mortgage agency, is to launch a global programme of "reference notes" – large issues of $4bn or more. The bonds would be issued on a regular basis and in global format.

The idea is reminiscent of the "benchmark note" programme initiated earlier this year by Fannie Mae, the largest US mortgage lender.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
■ US DOLLARS							
Toronto Dominion Bank	500	6.00	100.00R	Apr 2001	0.1875R	+35(5⅝%Feb01)	Nomura International
Union Bank of Norway‡	250	(d)	99.985R	Apr 2003	0.15R	-	Paribas
Windemere Corp‡	150	(g)	100.00	Mar 1999	0.50	-	Chase Manhattan Intl
Banco ABN Amro Brazil	100	8.25#	99.88R	Mar 1999	0.25	+256(Libor)	ABN Amro
CPFL*	50	8.875#	99.883R	Mar 1999	0.25R	+316(Libor)	Barclays Capital
■ D-MARKS							
Republic of Turkey	1bn	(a)	99.75R	Apr 2006	0.75R	+335(Jan06)	Commerzbank/CSFB
Axa Colonia K Finance(e)§	500	(5½-6)	(e)	Nov 2003	3.00	-	Goldman Sachs OHG
■ STERLING							
Sthn Pacific Secs. A(b)‡	50.33	(b1)	100.00R	Apr 2036	0.25R	-	Greenwich NatWest
■ FRENCH FRANCS							
Frankfurter Hypo‡	500	(f)	100.325	Apr 2008	0.325	-	CDC Marchés
■ ITALIAN LIRE							
Credito Italiano‡	100bn	(c)#	101.625	Apr 2002	1.625	–	Credito Italiano
Lehman Brothers Holdings(h)	150bn	9.35	100.00R	May 2000	None(R)	–	Lehman Brothers Intl

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. §Convertible. ‡ Floating-rate note. #Semi-annual coupon. R: Fixed re-offer price; fees shown at re-offer level. a) 10½% to Apr 00, then 7%. b) Av life. 3.9 yrs. b1) 1-mth Libor +24bp to Apr 03, then coupons double. b2) Also issued: Class M of £6.5m and Class B of £3m. c) 6% to Oct 98, 5.5% to Apr 99, then variable (linked to £/Lira Libor spread). d) 3-mth Libor +6¼bp. e) Mandatorily exchangeable into shares of Gehe. Downside protection clause. Priced by 1/4/98. Greenshoe: DM83m. f) 4½% to Apr 03, then Tec-10 –24bp. g) 3-mth Libor +10bp. h) Redeemed at par or Telecom Italia Mobile shares at 5% below current market. Pays 4.6% interest plus 4.75% option premium.

ISDA in call for credit risk reform

By Samer Iskandar

The International Swaps and Derivatives Association, the industry association for participants in over-the-counter derivatives transactions, yesterday called for a reform of credit risk capital rules.

ISDA issued a discussion paper advocating an "evolutionary approach that would reduce distortions in credit pricing and encourage prudent risk management".

The development of credit derivatives, which allow banks to protect themselves against a deterioration in a borrower's creditworthiness, has been hindered by lack of recognition from financial regulators. Market participants believe regulators should allow users of credit derivatives to have lower capital requirements.

ISDA, which held its annual meeting in Rome this week, also introduced a screen service for swap rates and spreads. These rates should become references for cash-settled OTC derivatives.

Each rate will be the average of eight quotes from dealers, from a sample of 10, after removing the lowest and highest quotes to reduce distortions. The service will be run by Reuters, the financial information provider, and Intercapital, one of the largest derivatives brokers.

Other initiatives included the publication of a supplement to the ISDA definitions, which are used in the documentation of OTC transactions, covering more currencies and a wider range of floating interest rates.

ISDA members also elected Gay Evans, a managing director at Bankers Trust in London, to a fifth term as chairman of the association.

NEWS DIGEST

SOVEREIGN ISSUES

Hungary to return with five-year $300m offering

Hungary is returning to the international capital market with a five-year, $300m eurobond. The deal will be lead-managed by ABN Amro and Salomon Smith Barney and is expected to be priced aggressively to yield around 80 basis points over US Treasury notes when it is launched at the beginning of next week. The deal will be Hungary's first in US dollars since an issue of floating-rate notes in 1994 and follows a five-year, DM750m floating-rate bond issue earlier this year.

György Szapary, deputy governor of the National Bank of Hungary, said proceeds from the eurobond would be used for the early repayment of around $870m of World Bank loans and would result in significant cost savings. He said Hungary wanted to maintain a strategic presence in the three main currency sectors. The $300m eurobond, which could be increased if there is sufficient demand, follows the D-Mark bond launched earlier this year and a Japanese yen issue last year.

Mr Szapary said further borrowing later this year was conceivable, if it helped lower Hungary's debt servicing costs, but he added that the country did not need to borrow given its strong foreign exchange reserves, which were equal to around five months of imports.

Hungary is rated at the lowest investment grades of BBB- and Baa3 respectively by Standard & Poor's and Moody's, the leading US credit rating agencies, but Mr Szapary said its rapidly improving economic performance justified higher ratings. "The market thinks so too. We are getting terms that are obtained by countries with better ratings."

Moody's placed Hungary's rating on review for a possible upgrade last week, reflecting a big improvement in the deficit in its current account of the balance of payments and more rapid progress in reform and restructuring in Hungary than elsewhere in central and east Europe.

Economic growth is accelerating, with gross domestic product forecast to increase by between 4.5 and 5 per cent this year following growth of 4 per cent in 1997, while the rate of inflation year-on-year is forecast to fall to around 14 per cent by December from 18.4 per cent at the end of last year. **Kevin Done**

RISK MANAGEMENT

Coopers & Lybrand think tank

Coopers & Lybrand, the accountancy firm, is to launch a think tank dedicated to the analysis and management of financial risk. The C&L Risk Institute, to be headed by James Vinci, a partner in the firm's capital markets group, will aim to bring together academics and practitioners of financial risk.

The institute will underwrite research grants to develop new methodologies, as well as organise conferences. It will focus on applied solutions in risk management, notably in emerging market credits and banks' capital allocation methods.

Academics participating include Darrell Duffie and Kenneth Singleton, of Stanford University; Andrew Lo, of the Massachusetts Institute of Technology; and David Heath, at Carnegie Mellon University. **Samer Iskandar**

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Mar 26	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	04/00	7.000	103.7734	5.03	+0.05	+0.05	-0.18	-1.76
	10/07	10.000	130.3555	5.77	+0.06	+0.05	-0.13	-2.26
Austria	09/99	7.000	104.1000	4.05	-0.02	-	-	-0.03
	07/07	5.625	104.9700	4.94	-	-0.04	-0.10	-0.86
Belgium	01/00	4.000	99.8000	4.11	+0.04	+0.06	+0.07	+0.28
	03/07	6.250	109.2600	4.95	+0.03	-0.03	-0.06	-1.04
Canada	09/99	4.750	99.7800	4.91	+0.01	-0.02	-0.17	+0.29
	06/07	7.250	113.7000	5.32	-	-0.03	-0.14	-1.28
Denmark	12/99	6.000	102.7700	4.25	+0.06	-	+0.12	-0.02
	11/07	7.000	114.0400	5.11	-	-0.04	-0.14	-1.57
Finland	01/99	11.000	105.5380	3.69	+0.04	+0.04	+0.05	-0.20
	04/06	7.250	115.7500	4.84	+0.04	-0.02	-0.11	-1.50
France	01/00	4.000	99.8800	4.00	-0.01	-0.01	+0.05	+0.22
	10/04	6.750	111.6800	4.84	+0.01	-0.01	-0.03	-0.71
	10/07	5.500	104.6200	4.88	-	-0.03	-0.06	-0.89
	10/25	6.000	108.0300	5.43	+0.01	-0.03	-0.07	-1.19
Germany	09/99	4.000	100.1200	3.90	+0.01	+0.01	+0.08	+0.16
	11/04	7.500	115.7400	4.67	-0.01	-0.04	-0.05	-0.78
	07/07	6.000	108.3300	4.86	-	-0.03	-0.08	-0.94
	07/27	6.500	115.5900	5.42	-	-0.03	-0.08	-1.24
Ireland	04/99	6.250	101.7400	4.45	+0.01	-0.02	-0.35	-1.57
	08/06	8.000	120.2000	4.99	-0.01	-0.05	-0.21	-1.90
Italy	05/00	6.000	103.0900	4.45	-	-0.05	-0.24	-2.75
	05/02	6.250	105.8700	4.67	+0.01	-0.05	-0.20	-2.89
	07/07	6.750	112.4400	5.05	-	-0.08	-0.23	-2.67
	11/26	7.250	124.0500	5.58	-	-0.08	-0.24	-3.01
Japan	03/00	6.400	111.2800	0.61	+0.03	+0.02	-0.08	-0.12
	12/02	4.800	116.5000	1.19	+0.06	+0.02	-0.11	-0.48
	09/05	3.000	109.6700	1.62	+0.07	+0.04	-0.10	-0.66
	09/17	3.000	108.5300	2.45	+0.05	+0.06	-0.09	-0.61
Netherlands	11/99	7.500	105.3600	4.00	-	+0.01	+0.08	+0.11
	02/07	5.750	106.4100	4.84	+0.01	-0.03	-0.05	-0.91
New Zealand	02/00	6.500	97.6687	7.87	-0.02	+0.06	+0.18	-0.01
	11/06	8.000	106.1825	7.01	-0.06	+0.05	+0.05	-0.96
Norway	01/99	9.000	103.8000	4.24	+0.02	-0.11	+0.09	+0.17
	01/07	6.750	110.8000	5.19	+0.05	-0.05	-0.02	-0.90
Portugal	03/99	8.500	104.1782	4.05	+0.06	+0.02	-0.02	-2.16
	02/07	6.625	111.5910	4.98	+0.01	-0.06	-0.17	-1.98
Spain	07/99	7.400	104.1866	4.08	-0.02	-0.09	-0.12	-1.89
	03/07	7.350	116.7819	4.99	+0.01	-0.02	-0.14	-2.11
Sweden	01/99	11.000	104.8120	4.70	+0.03	-0.04	+0.09	-0.35
	08/07	8.000	120.0750	5.23	+0.01	-0.07	-0.17	-2.15
Switzerland	03/00	5.000	106.3500	1.65	-0.01	-0.01	+0.29	-0.23
	08/07	4.500	113.7000	2.79	-	-0.03	+0.03	-0.89
UK	08/99	6.000	99.0600	6.72	+0.02	+0.01	+0.01	-0.25
	11/04	6.750	103.7578	6.06	+0.02	-0.04	-0.10	-1.44
	12/07	7.250	109.7500	5.91	+0.01	-0.06	-0.12	-1.68
	06/21	8.000	127.4063	5.83	-	-0.07	-0.14	-1.82
US	10/99	5.625	100.0160	5.61	+0.01	+0.07	+0.03	-0.74
	11/04	7.875	111.8050	5.71	+0.02	+0.06	+0.02	-0.93
	08/07	6.125	102.6590	5.73	+0.03	+0.07	+0.04	-1.05
	08/27	6.375	105.7420	5.96	-	+0.03	+0.01	-1.02
ECU	01/00	4.000	99.8700	4.07	+0.01	-0.03	-0.15	-0.41
	04/07	5.500	104.0200	4.94	-	-0.04	-0.10	-1.35

London closing. *New York mid-day. Source: Interactive Data/FT Information

Yields: Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

10 YEAR BENCHMARK SPREADS

Mar 26	Bid Yield	Spread vs Bunds	Spread vs T-Bonds		Bid Yield	Spread vs Bunds	Spread vs T-Bonds
Australia	5.77	+0.91	+0.12	New Zealand	7.01	+2.15	+1.36
Austria	4.94	+0.08	-0.71	Norway	5.19	+0.33	-0.46
Belgium	4.95	+0.09	-0.70	Portugal	4.98	+0.12	-0.67
Canada	5.32	+0.46	-0.33	Spain	4.99	+0.13	-0.66
Denmark	5.11	+0.25	-0.54	Sweden	5.23	+0.37	-0.42
Finland	4.84	-0.02	-0.81	Switzerland	2.79	-2.07	-2.86
France	4.88	+0.02	-0.77	UK	5.91	+1.05	+0.26
Germany	4.86	-	-0.79	US	5.65	+0.79	-
Ireland	4.99	+0.13	-0.66	ECU	4.94	+0.08	-0.71
Italy	5.05	+0.19	-0.60				
Japan	1.62	-3.24	-4.03				
Netherlands	4.84	-0.02	-0.81				

Source: Interactive Data/FT Information. London closing. * New York closing. Annualised yield basis.

EMERGING MARKET BONDS

Mar 26	Red date	Coupon	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd vs US
[illegible]								

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	104.02	104.14	-0.08	104.17	103.94	53,228	120,274
Sep	103.58	103.70	-0.08	103.58	103.58	2	76

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls May	Calls Jun	Puts Apr	Puts May	Puts Jun
102	2.06	2.16	2.29	0.01	0.12	0.25
103	1.11	1.34	1.52	0.07	0.30	0.48
104	0.38	0.69	0.90	0.33	0.64	0.86
105	0.06	0.28	0.47	1.01	1.23	1.41

Est. vol. total, Calls 6,835 Puts 13,773. Previous day's open int., Calls 67,127 Puts 82,8366.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	107.59	107.71	-0.06	107.78	107.50	101317	199166
Sep		107.35	-0.06			0	492

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
10750	0.59	0.82	0.84	1.14	0.38	0.61	0.89	1.29
10800	0.33	0.56	0.62	0.90	0.62	0.85	1.27	1.55
10850	0.17	0.36	0.44	0.72	0.96	1.15	1.59	1.87

Est. vol. total, Calls 16310 Puts 12690. Previous day's open int., Calls 153734 Puts 152187

■ NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	105.18	105.24	+0.09	105.27	105.10	99,814	204,872
Sep	-	105.09	+0.10	-	-	575	4,710

■ NOTIONAL GERMAN BOBL FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		105.25	-			0	684
Sep		105.10	-			0	0

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	103.60	103.54	-0.20	103.64	103.54	73	4,850

US CORPORATE BONDS

US INTEREST RATES

UK BONDS

FTSE Actuaries Govt. Securities

UK Indices

Fixed Interest Indices

UK GILTS PRICES

Other Fixed Interest

INTERNATIONAL BONDS

Mar 26	Red date	Coupon	S & P Rating	Bid price	Bid yld	Day's chge yld	Mth's chge yld	Spread v Govts
■ EURO DM								
EIB	02/07	5.750	AAA	105.9900	4.90	-	-0.07	+0.11
Spain	01/07	5.750	AA	105.4300	4.97	+0.01	-0.04	+0.18
Philip Morris	03/04	5.375	A	101.9300	4.99	+0.01	-0.11	+0.48
Finland FRN	09/02	3.570	AA	100.6889	3.92	-0.01	-	-0.29
■ EURO FFR								
Austria	01/04	5.500	AAA	104.0400	4.69	-	+0.01	+0.15
Abbey Nat	02/04	6.000	AA	106.1600	4.77	-	-0.03	+0.23
Cred Foncier	02/04	9.125	A	120.6800	4.98	-	-0.09	+0.44
3CIF FRN	12/01	3.625	AA-	99.8850	4.11	-	+0.02	-0.02
■ EURO LIRA								
EIB	02/07	7.000	AAA	113.2400	5.11	+0.01	-0.17	+0.14
Abbey Nat	02/02	6.800	AA	106.9600	4.79	+0.01	-0.19	+0.23
Walt Disney	06/00	8.625	A	107.8600	4.80	+0.01	-0.37	+0.40
EIB FRN	03/01	5.356	AAA	100.2381	4.30	+0.01	-0.28	-0.15
■ EURO £								
EIB	12/07	7.625	AAA	110.1714	6.19	+0.01	-0.12	+0.21
Dresdner Bk	12/07	7.750	AA-	107.0353	6.73	+0.01	-0.12	+0.75
British Gas	03/00	7.625	A+	100.9770	7.08	+0.03	-0.02	+0.36
Abbey Nat FRN	02/02	7.713	AA	100.0197	6.22	+0.04	-0.06	-0.16
■ EURO $								
EIB	04/07	7.250	AAA	108.1400	6.05	+0.03	-0.04	+0.40
ABN Amro	06/07	7.125	AA-	104.9037	6.41	+0.02	-0.13	+0.76
Quebec	01/07	7.000	A+	104.0572	6.39	+0.03	-0.11	+0.74
Citicorp FRN	02/04	5.734	A+	99.2751	5.88	-	-0.25	+0.24
■ EURO C$								
Bayer L-Bk	08/04	9.500	AAA	119.6980	5.71	+0.01	-0.08	+0.27
Toronto	05/04	8.500	AA+	114.5538	5.63	+0.01	-0.12	+0.19
Bell Canada	07/99	10.625	A+	106.1419	5.51	+0.02	-0.15	+1.02
Deutsche B FRN	09/02	5.875	AAA	101.5779	5.47	+0.01	-	+0.13
■ EURO YEN								
World Bank	03/02	5.250	AAA	116.1800	1.08	+0.13	-0.10	+0.18
Spain	03/02	5.750	AA	118.0500	1.09	+0.06	-0.11	+0.20
Cred Foncier	08/02	4.750	A	113.2787	1.57	+0.05	-0.13	+0.66
Italy FRN	07/99	0.797	AA	100.3140	0.25	+0.03	-0.12	-0.07

London closing. Source: Interactive Data/FT Information.
Standard & Poor's ratings. Yields: Local market standard/Annualised basis.

CURRENCIES & MONEY

Rising pound defies data and dollar

MARKETS REPORT

By Simon Kuper

The pound shrugged off a weak dollar and tame UK economic data to rise within an ace of last summer's peak against the D-Mark.

It gained 1.4 pfennigs against the D-Mark to close in London at DM3.076 yesterday. That was 0.4 pfennigs above the highest London close it managed during last summer's surge, on July 23, but still below the intraday high of DM3.089 achieved that week. That is the market's next target.

The pound was held back only briefly yesterday by an unexpected fall in March manufacturing orders revealed by a Confederation of British Industry survey, and by a large deficit on non-European Union goods trade in February. ABN-Amro commented: "Export volume growth is holding up very well given the strength of the pound. But eventually pound strength will hit volumes."

Sterling was also helped by comments from Willem Buiter, a member of the Bank of England's monetary policy committee. Mr Buiter thought that with European monetary union becoming ever more certain, the pound would lose its status as a safe haven from Emu. But he went on to say that a slide in the pound would pose a "definite risk" to inflation. That suggested to traders that any fall in sterling would prompt a rise in interest rates and would thus be swiftly reversed.

Japan's latest fiscal stimulus package, unveiled yesterday, confused the market and left the yen almost unchanged from the day before. The stimulus was worth a record Y16,000bn, more than expected, but it did not yet include income tax cuts, which many economists regard as necessary to get the sluggish Japanese economy moving. Various politicians made different statements yesterday on the likelihood of tax cuts. There was also no clarity as to how much of the Y16,000bn was new spending and how much had been previously committed.

Robert Lynch, currency strategist at Paribas Capital Markets in New York, said: "There is some disappointment." Traders were holding back from selling the yen because they feared the Bank of Japan might intervene. However, because most traders had bought more yen anticipating action from the bank, intervention might achieve little, said Mr Lynch.

After initially rising sharply, the yen later shed some of its gains to close at Y128.8 to the dollar, all but unchanged from Wednesday.

The dollar dropped 0.4 pfennigs against the D-Mark to DM1.823 in thin trading.

■ The new Swiss money laundering law could hit the Swiss franc, said ABN-Amro yesterday. From April 1 Swiss bankers will have to report any suspicious clients. That could stop some shady characters from sending their money to Switzerland, and thus damage the currency.

■ Wim Duisenberg, president of the European Monetary Institute, yesterday strengthened the impression that the UK would not have to join the European exchange-rate mechanism as a prelude to joining Emu.

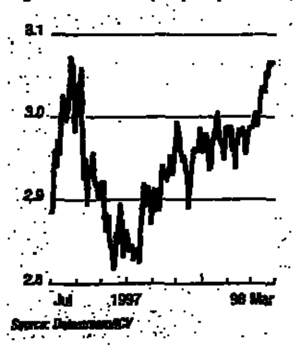
"I can't say today whether ERM II participation will be a requirement for future membership," he said. What would be required was that the currency should be "very stable" for "a prolonged period against the euro". Yves-Thibault de Silguy, European commissioner for monetary affairs, had said on Wednesday that Emu entrants would have to join the ERM first. But there is a growing view that the UK, still traumatised by its ERM debacle of 1992, will be able to negotiate itself out of that obligation. On the short term, staying out of the ERM should help sterling.

■ Mr Buiter was one of four members of the MPC who voted for an interest rate rise last month. The other four members voted against, and Eddie George, the governor, used his casting vote to secure unchanged rates. Yet Mr Buiter denied yesterday that he was an interest rate hawk, saying that all MPC members were striving for the same inflation target.

"There are no hawks, doves or pigeons," he said. "There is no aviary in the deliberation rooms."

Sterling

Against the D-Mark (DM per £)



Source: Datastream/ICV

■ POUND IN NEW YORK

Mar 26	—Latest—	— Prev. close —
£ spot	1.6855	1.6755
1 mth	1.6829	1.6730
3 mth	1.6708	1.6680
1 yr	1.6595	1.6490

■ OTHER CURRENCIES

Mar 26	£	$
Czech Rp	56.8401 - 56.9312	33.6970 - 33.7330
Hungary	355.831 - 356.105	210.950 - 211.000
Iran	5063.10 - 5060.40	3000.00 - 3000.00
Kuwait	0.5148 - 0.5153	0.3052 - 0.3053
Peru	4.7467 - 4.7526	2.8140 - 2.8160
Poland	5.7756 - 5.7837	3.4240 - 3.4270
Russia	10.2743 - 10.2815	6.0910 - 6.0920
U.A.E.	6.1951 - 6.1991	3.6727 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Mar 26		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	21.6435	+0.1018	341 - 529	21.6654	21.5001	21.5701	4.1	21.4348	3.9	20.8978	3.4	102.2
Belgium	(BFr)	63.4381	+0.265	849 - 913	63.5020	63.0630	63.2377	3.8	62.8471	3.7	61.2838	3.4	101.4
Denmark	(DKr)	11.7251	+0.0512	202 - 299	11.7309	11.6525	11.6887	3.7	11.6194	3.6	11.3559	3.1	103.5
Finland	(FM)	9.3359	+0.0439	288 - 429	9.3520	9.2770	9.3043	4.1	9.2447	3.9	9.0152	3.4	79.8
France	(FFr)	10.3113	+0.049	067 - 159	10.3170	10.2429	10.2766	4.0	10.211	3.9	9.9552	3.5	104.7
Germany	(DM)	3.0763	+0.0144	750 - 775	3.0785	3.0555	3.065	4.0	3.0463	3.9	2.9695	3.5	102.4
Greece	(Dr)	535.989	+1.844	424 - 554	536.951	533.130	537.67	-3.8	540.179	-3.1	551.785	-2.9	58.8
Ireland	(I£)	1.2244	+0.0072	229 - 258	1.2265	1.2158	1.223	1.3	1.2188	1.8	1.1921	2.6	92.2
Italy	(L)	3033.59	+15.16	185 - 533	3036.75	3012.61	3028.61	2.0	3016.76	2.2	2950.31	2.7	75.1
Luxembourg	(LFr)	63.4381	+0.265	849 - 913	63.5020	63.0630	63.2377	3.8	62.8471	3.7	61.2838	3.4	101.4
Netherlands	(Fl)	3.4661	+0.0151	647 - 674	3.4680	3.4445	3.4543	4.1	3.4312	4.0	3.344	3.5	100.6
Norway	(NKr)	12.7114	+0.0365	067 - 161	12.7254	12.6351	12.6722	3.7	12.6002	3.5	12.3338	3.0	98.5
Portugal	(Es)	314.757	+1.171	588 - 925	314.938	313.074	313.964	3.0	312.275	3.2	304.481	3.3	90.9
Spain	(Pta)	260.942	+1.182	847 - 037	261.830	259.290	260.331	2.8	258.953	3.0	252.66	3.2	76.2
Sweden	(SKr)	13.3217	+0.0487	097 - 337	13.3404	13.2625	13.2882	3.0	13.2258	2.9	12.9876	2.5	85.8
Switzerland	(SFr)	2.5115	+0.0088	100 - 130	2.5150	2.4974	2.4982	6.3	2.4731	6.1	2.3717	5.6	106.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	108.1
Ecu	–	1.5480	+0.0062	468 - 492	1.5510	1.5401	1.5437	3.3	1.5353	3.3	1.4998	3.1	-
SDR†	–	1.246379	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6870	+0.0109	865 - 875	1.6885	1.6731	-	-	-	-	-	-	-
Brazil	(R$)	1.9164	+0.0129	157 - 171	1.9202	1.9002	-	-	-	-	-	-	-
Canada	(C$)	2.3829	+0.0157	818 - 839	2.3846	2.3590	2.3774	2.8	2.3669	2.7	2.3278	2.3	83.6
Mexico	(New Peso)	14.3881	+0.0959	800 - 961	14.4010	14.2849	14.5564	-14.0	14.882	-13.7	16.262	-13.0	-
USA	($)	1.6873	+0.011	868 - 877	1.6882	1.6733	1.6847	1.8	1.6798	1.8	1.6607	1.6	108.7
Pacific/Middle East/Africa													
Australia	(A$)	2.5061	+0.0058	045 - 077	2.5082	2.4837	2.5009	2.5	2.4905	2.5	2.4472	2.4	87.9
Hong Kong	(HK$)	13.0723	+0.0855	680 - 766	13.0833	12.9664	13.0523	1.8	13.0423	0.9	13.2108	-1.1	-
India	(Rs)	66.6654	+0.4431	413 - 895	66.7210	66.0610	-	-	-	-	-	-	-
Israel	(Shk)	6.0422	+0.0319	339 - 504	6.0530	6.0320	-	-	-	-	-	-	-
Japan	(Y)	217.369	+1.244	243 - 494	217.570	214.860	216.134	6.8	213.664	6.8	203.244	6.5	120.5
Malaysia	(M$)	6.0825	+0.0645	640 - 010	6.1144	5.9577	6.0925	-2.0	6.114	-2.1	6.2233	-2.3	-
New Zealand	(NZ$)	2.9940	+0.0173	913 - 966	2.9984	2.9729	2.9985	-1.8	3.0066	-1.7	3.0315	-1.3	98.4
Philippines	(Peso)	63.9806	+1.874	948 - 664	64.2189	63.7721	64.5245	-10.2	65.712	-10.8	71.1088	-11.1	-
Saudi Arabia	(SR)	6.3282	+0.041	262 - 301	6.3350	6.2760	6.3215	1.3	6.3085	1.2	6.2608	1.1	-
Singapore	(S$)	2.6929	+0.0125	896 - 961	2.6917	2.6683	2.6891	1.7	2.6842	1.3	2.6629	1.1	-
South Africa	(R)	8.3907	+0.057	858 - 955	8.4021	8.3243	8.4359	-6.5	8.5127	-5.8	8.8417	-5.4	-
South Korea	(Won)	2352.87	+26.16	634 - 940	2360.50	2317.09	-	-	-	-	-	-	-
Taiwan	(T$)	54.9807	+0.2026	593 - 021	55.1398	54.5361	54.9428	0.8	54.8937	0.6	54.8612	0.2	-
Thailand	(Bt)	65.0857	+0.7995	418 - 296	65.3150	64.0040	65.4156	-6.1	66.1881	-6.8	68.4569	-6.7	-

† Rates for Mar 25. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. The exchange rates printed in this table are also available on the internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 26		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	12.8277	-0.023	265 - 288	12.8690	12.8240	12.8038	2.2	12.7612	2.1	12.5842	1.9	102.0
Belgium	(BFr)	37.5985	-0.0875	770 - 200	37.7250	37.5670	37.5373	2.0	37.416	1.9	36.9035	1.8	101.5
Denmark	(DKr)	6.9492	-0.0149	482 - 502	6.9729	6.9469	6.9383	1.9	6.9175	1.8	6.8382	1.6	103.0
Finland	(FM)	5.5332	-0.01	305 - 359	5.5519	5.5280	5.5229	2.2	5.5038	2.1	5.4287	1.9	79.4
France	(FFr)	6.1113	-0.0107	102 - 124	6.1344	6.1095	6.1	2.2	6.0792	2.1	5.9947	1.9	104.2
Germany	(DM)	1.8233	-0.0033	230 - 235	1.8295	1.8228	1.82	2.2	1.8137	2.1	1.7882	1.9	102.1
Greece	(Dr)	317.670	-0.975	420 - 920	320.300	317.330	319.155	-5.6	321.595	-4.9	332.27	-4.6	58.6
Ireland	(I£)	1.3781	+0.0005	768 - 793	1.3801	1.3745	1.3776	0.5	1.3783	0.0	1.3931	-1.1	-
Italy	(L)	1797.95	-2.7	740 - 850	1804.80	1796.50	1797.75	0.1	1796.03	0.4	1776.5	1.2	74.9
Luxembourg	(LFr)	37.5985	-0.0875	770 - 200	37.7250	37.5670	37.5373	2.0	37.416	1.9	36.9035	1.8	101.5
Netherlands	(Fl)	2.0543	-0.0044	540 - 545	2.0613	2.0530	2.0505	2.2	2.0428	2.2	2.0137	2.0	100.6
Norway	(NKr)	7.5338	-0.0275	330 - 346	7.5672	7.5320	7.5221	1.9	7.5015	1.7	7.4272	1.4	95.7
Portugal	(Es)	186.550	-0.52	500 - 600	187.250	186.480	186.365	1.2	185.913	1.4	183.35	1.7	91.6
Spain	(Pta)	154.655	-0.305	640 - 670	155.170	154.620	154.53	1.0	154.167	1.3	152.145	1.6	75.9
Sweden	(SKr)	7.8955	-0.0225	905 - 005	7.9490	7.8890	7.8878	1.2	7.874	1.1	7.8208	0.9	85.4
Switzerland	(SFr)	1.4885	-0.0045	880 - 890	1.4948	1.4870	1.4829	4.5	1.4723	4.3	1.4282	4.1	106.4
UK	(£)	1.6873	+0.011	868 - 877	1.6882	1.6733	1.6847	1.8	1.6798	1.8	1.6607	1.6	107.3
Ecu	–	1.0900	+0.0027	894 - 905	1.0915	1.0850	1.0914	-1.5	1.0941	-1.5	1.1072	-1.6	-
SDR†	–	0.74457	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.1358	+0.0002	357 - 359	1.1370	1.1356	-	-	-	-	-	-	-
Canada	(C$)	1.4123	+0.0001	120 - 125	1.4128	1.4090	1.4113	0.9	1.4092	0.9	1.4018	0.7	83.9
Mexico	(New Peso)	8.5275	+0.0015	250 - 300	8.5310	8.5210	8.6405	-15.9	8.86	-15.6	9.7925	-14.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	109.6
Pacific/Middle East/Africa													
Australia	(A$)	1.4853	-0.0062	848 - 859	1.4965	1.4824	1.4845	0.6	1.4819	0.9	1.4712	0.9	88.1
Hong Kong	(HK$)	7.7477	+0.0004	472 - 482	7.7485	7.7465	7.7477	0.0	7.7647	-0.9	7.9552	-2.7	-
India	(Rs)	39.5113	+0.0063	075 - 150	39.5200	39.4250	-	-	-	-	-	-	-
Israel	(Shk)	3.5811	-0.0044	771 - 850	3.5901	3.5757	-	-	-	-	-	-	-
Japan	(Y)	128.830	-0.1	790 - 870	129.580	128.380	128.295	5.0	127.205	5.0	122.39	5.0	122.0
Malaysia	(M$)	3.6050	+0.015	950 - 150	3.6300	3.5558	3.6165	-3.8	3.64	-3.9	3.7475	-4.0	-
New Zealand	(NZ$)	1.7745	-0.0012	734 - 756	1.7909	1.7727	1.7776	-2.1	1.783	-1.9	1.8018	-1.5	-
Philippines	(Peso)	37.9200	+0.87	200 - 200	38.0400	37.8100	38.301	-12.1	39.1215	-12.7	42.8195	-12.9	-
Saudi Arabia	(SR)	3.7506	-0.0001	504 - 507	3.7508	3.7502	3.7524	-0.6	3.7558	-0.6	3.7701	-0.5	-
Singapore	(S$)	1.5960	-0.003	945 - 975	1.6080	1.5930	1.5963	-0.2	1.598	-0.5	1.6035	-0.5	-
South Africa	(R)	4.9730	+0.0015	715 - 745	4.9750	4.9710	5.0074	-8.3	5.068	-7.6	5.3243	-7.1	-
South Korea	(Won)	1394.50	+6.5	100 - 800	1399.00	1384.00	-	-	-	-	-	-	-
Taiwan	(T$)	32.5850	-0.092	820 - 900	32.6300	32.5740	32.6135	-1.0	32.681	-1.2	33.036	-1.4	-
Thailand	(Bt)	38.5750	+0.225	000 - 500	38.6600	38.2000	38.83	-7.9	39.405	-8.6	41.825	-8.4	-

† SDR rate per $ for Mar 25. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 25: Base average 1990=100. Bid, offer, mid spot rates and forward rates in both this and the Dollar table are derived from THE WM/REUTERS CLOSING SPOT and FORWARD RATE services. Some values are rounded by the F.T.
The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

Mar 26	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3⅝	3¾	3¾	3⅝	3⅝	6.00	2.75	–
France	3⅛	3⅝	3⅝	3⅝	3⅝	4.60	–	3.30
Germany	3⅛	3⅝	3⅝	3⅝	3¾	4.50	2.50	3.30
Ireland	5⅞	6⅛	5⅞	5⅛	4¾	–	–	6.75
Italy	5⅝	5½	5¼	4⅝	4⅝	7.00	5.50	5.63
Netherlands	3¾	3¾	3¾	3⅝	3⅝	–	2.75	3.30
Switzerland	1¼	1¾	1⅞	1½	1⅝	–	1.00	–
US	5⅞	5¾	5⅝	5⅝	5¾	–	5.00	–
Japan	⅜	⅜	¾	⅝	⅜	–	0.50	–
■ $ LIBOR BBA London								
Interbank Fixing	–	5⅝	5⅝	5⅝	5⅝	–	–	–
US Dollar CDs	–	5.51	5.42	5.54	5.63	–	–	–
ECU Linked Ds	–	4⅛	4⅛	4⅛	4⅛	–	–	–
SDR Linked Ds	–	3¾	3¾	3⅝	3⅝	–	–	–

The FT has replaced the Libor FT London interbank fixing rate with the BBA London rate. Any comments should be sent to Martin Dickson, Financial Editor, at the FT.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 26	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½
Danish Krone	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3¾ - 3⅝	4⅛ - 3⅞	4⅛ - 4
German Mark	3¾ - 3¼	3⅝ - 3½	3½ - 3⅜	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½
Dutch Guilder	3 - 2¾	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅝ - 3½	3⅝ - 3½
French Franc	3⅜ - 3¼	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3¾ - 3⅝	3¾ - 3⅝
Portuguese Esc.	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅝ - 4½	4⅜ - 4¼
Spanish Peseta	4⅜ - 4¼	4¾ - 4⅝	4⅝ - 4½	4⅜ - 4¼	4⅜ - 4¼	4⅜ - 4¼
Sterling	7¾ - 7⅝	7⅜ - 7¼	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾
Swiss Franc	1¾ - 1⅝	1⅝ - 1½	1⅝ - 1½	1⅝ - 1½	1⅝ - 1½	1⅝ - 1½
Canadian Dollar	4¾ - 4⅝	4⅞ - 4¾	4⅞ - 4¾	5 - 4⅞	5⅛ - 4⅞	5⅛ - 5
US Dollar	5⅝ - 5½	5¾ - 5⅝	5¾ - 5⅝	5¾ - 5⅝	5⅞ - 5¾	5⅞ - 5¾
Italian Lira	5¾ - 5⅝	5⅝ - 5½	5⅝ - 5½	5⅜ - 5¼	4⅞ - 4¾	4¾ - 4⅝
Japanese Yen	⅜ - ¼	1 - ⅞	⅞ - ¾	⅝ - ½	⅝ - ½	⅝ - ½
Asian $Sing	2¾ - 2½	4 - 3¾	4½ - 4¼	4¾ - 4½	6¾ - 5¾	5¾ - 5½

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.300	96.290	-0.015	96.305	96.280	8,300	74,511
Sep	96.160	96.165	-0.005	96.170	96.150	3,489	32,381

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.330	96.325	-0.010	96.340	96.325	41961	415197
Sep	96.185	96.190	-0.005	96.200	96.170	30700	354546
Dec	95.980	95.990	-0.010	96.000	95.980	33508	360400
Mar	95.870	95.870	-0.010	95.875	95.850	20706	331766

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Apr	96.47	96.47	-	96.47	96.47	100	200
May		96.44	-0.01			0	1

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.36	95.39	+0.01	95.41	95.36	34654	234733
Sep	95.82	95.83	-	95.85	95.80	14262	235555
Dec	95.92	95.91	-0.01	95.93	95.90	9912	194223
Mar	95.83	95.83	-0.01	95.84	95.82	7606	175573

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.50	98.50	+0.01	98.53	98.45	12535	58372
Sep	98.33	98.34	+0.01	98.38	98.28	7152	27547
Dec	98.15	98.15	+0.02	98.16	98.06	1993	20389
Mar	98.06	98.07	+0.02	98.08	98.00	1036	8061

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.23	99.23	-	99.23	99.23	200	na
Sep	99.24	99.24	-0.01	99.24	99.24	200	na
Dec	99.19	99.19	-	99.19	99.15	170	na

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.83	95.83	-	95.84	95.83	652	12659
Sep	95.85	95.86	-	95.87	95.85	855	14623
Dec	95.96	95.95	-0.01	95.96	95.95	234	6328
Mar	95.85	95.85	-0.01	95.85	95.84	267	5178

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9525	0.24	0.62	0.70	0.10	0.04	0.04
9550	0.10	0.40	0.48	0.21	0.07	0.07
9575	0.03	0.22	0.29	0.39	0.14	0.13

Est. vol. total, Calls 6040 Puts 4980. Previous day's open int., Calls 275211 Puts 288212

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 26		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.48	16.25	4.849	1.930	4782	5.464	20.04	496.2	411.3	21.00	3.959	1.576	3.756	2.660	342.6	2.440
Denmark	(DKr)	54.10	10	8.794	2.624	1.044	2587	2.956	10.84	268.4	222.6	11.36	2.142	0.853	2.032	1.439	185.4	1.320
France	(FFr)	61.52	11.37	10	2.983	1.187	2942	3.361	12.33	305.3	253.1	12.92	2.436	0.970	2.311	1.636	210.8	1.501
Germany	(DM)	20.62	3.811	3.352	1	0.398	986.1	1.127	4.132	102.3	84.82	4.330	0.816	0.325	0.775	0.548	70.66	0.503
Ireland	(I£)	51.81	9.577	8.422	2.513	1	2478	2.831	10.38	257.1	213.1	10.88	2.051	0.817	1.946	1.378	177.5	1.264
Italy	(L)	2.091	0.387	0.340	0.101	0.040	100	0.114	0.419	10.38	8.602	0.439	0.083	0.033	0.079	0.056	7.165	0.051
Netherlands	(Fl)	18.30	3.383	2.975	0.888	0.353	875.2	1	3.667	90.81	75.28	3.843	0.725	0.289	0.687	0.487	62.71	0.447
Norway	(NKr)	49.91	9.224	8.112	2.420	0.963	2387	2.727	10	247.6	205.3	10.48	1.976	0.787	1.875	1.327	171.0	1.218
Portugal	(Es)	20.15	3.725	3.276	0.977	0.389	963.8	1.101	4.038	100	82.90	4.232	0.798	0.318	0.757	0.536	69.06	0.492
Spain	(Pta)	24.31	4.493	3.952	1.179	0.469	1163	1.328	4.871	120.6	100	5.105	0.962	0.383	0.913	0.647	83.30	0.593
Sweden	(SKr)	47.62	8.801	7.740	2.309	0.919	2277	2.602	9.542	236.3	195.9	10	1.885	0.751	1.789	1.267	163.2	1.162
Switzerland	(SFr)	25.26	4.669	4.106	1.225	0.488	1208	1.380	5.061	125.3	103.9	5.304	1	0.398	0.949	0.672	86.55	0.616
UK	(£)	63.44	11.73	10.31	3.076	1.224	3034	3.466	12.71	314.8	260.9	13.32	2.512	1	2.383	1.687	217.4	1.548
Canada	(C$)	26.62	4.920	4.327	1.291	0.514	1273	1.455	5.334	132.1	109.5	5.591	1.054	0.420	1	0.708	91.22	0.650
USA	($)	37.60	6.949	6.111	1.823	0.726	1798	2.054	7.534	186.6	154.7	7.896	1.489	0.593	1.412	1	128.8	0.917
Japan	(Y)	29.18	5.394	4.744	1.415	0.563	1396	1.595	5.848	144.8	120.0	6.129	1.155	0.460	1.096	0.776	100	0.712
Ecu	–	40.98	7.575	6.661	1.987	0.791	1960	2.239	8.212	203.3	168.6	8.606	1.622	0.646	1.539	1.090	140.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.5499	0.5501	+0.0001	0.5504	0.5492	14,310	71,658
Sep	–	0.5525	-0.0002	–	–	2	1,856
Dec	-	0.5550	-0.0003	–	–	2	21

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6763	0.6769	+0.0006	0.6777	0.6752	12,828	59,684
Sep	0.6840	0.6841	+0.0006	0.6841	0.6840	11	1,229
Dec	–	0.6903	+0.0002	0.6903	–	3	13

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7845	0.7836	-0.0019	0.7874	0.7802	36,872	76,802
Sep	0.7962	0.7940	-0.0015	0.7962	0.7940	31	1,319
Dec	–	0.8040	-0.0016	–	–	31	107

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6684	1.6726	+0.0044	1.6734	1.6666	7,519	38,990
Sep	–	1.6650	+0.0038	1.6650	–	12	618
Dec	–	1.6590	+0.0046	1.6590	–	20	33

UK INTEREST RATES

LONDON MONEY RATES

Mar 26	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8¼ - 6¾	7⅞ - 7⅛	7⅜ - 7⅝	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾
Sterling CDs	-	-	7⅞ - 7¾	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
Treasury Bills	-	-	7¼ - 7⅛	7⅛ - 7⅛	-	-
Bank Bills	-	-	7⅛ - 7⅞	7⅞ - 7¾	7⅞ - 7⅛	-
Local authority deps.	7⅛ - 7	7⅛ - 7	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞	7⅞ - 7⅞
Discount Market deps	7⅛ - 7	7⅛ - 7⅛	-	-	-	-

UK clearing bank base lending rate 7¼ per cent from Nov 6, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount on Mar 20. 6.9178pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 27, 1998. Agreed rate for period Mar 25, 1998 to Apr 25, 1998. Scheme III 8.77pc. Reference rate for period Jan 31, 1998 to Feb 27, 1998, Schemes IV & V 7.532pc. Finance House Base Rate 8pc from Mar 1, 1998.

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.47	92.47	-0.01	92.50	92.46	33446	153767
Sep	92.56	92.57	-0.02	92.62	92.56	18779	107697
Dec	92.72	92.71	-0.03	92.76	92.70	30100	149376
Mar	92.91	92.89	-0.04	92.95	92.88	11845	79578
Jun	93.10	93.07	-0.04	93.12	93.05	6771	79103

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9225	0.24	0.39	0.54	0.02	0.07	0.08
9250	0.08	0.21	0.36	0.11	0.14	0.15
9275	0.01	0.09	0.22	0.29	0.27	0.26

Est. vol. total, Calls 9801 Puts 7765. Previous day's open int., Calls 259391 Puts 217102

EMS EUROPEAN CURRENCY UNIT RATES

Mar 26	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Greece	357.000	345.604	-0.289	-3.19	3.58	21
Ireland	0.796244	0.789057	+0.000214	-0.90	1.19	6
Italy	1957.61	1954.23	+1.04	-0.17	0.45	1
Spain	168.220	168.183	+0.001	-0.03	0.31	0
Finland	6.01125	6.01726	+0.00123	0.10	0.18	-1
Portugal	202.692	203.000	+0.022	0.15	0.12	-1
France	6.63186	6.64369	-0.00071	0.18	0.10	-1
Denmark	7.54257	7.55673	-0.00042	0.19	0.09	-1
Austria	13.9119	13.9457	-0.0015	0.24	0.03	-2
Germany	1.97738	1.98224	-0.00023	0.25	0.03	-2
Belgium	40.7844	40.8930	-0.0025	0.27	0.01	-2
Netherlands	2.22799	2.23414	-0.00025	0.28	0.00	-2
NON ERM MEMBERS						
UK	0.653644	0.647342	+0.000159	-0.96	1.25	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. 16/3/98: Drachma joined ERM & Punt revalued by 3%. Other central rates adjusted. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.660	1.79	2.51	2.95	0.52	1.61	2.20
1.670	1.17	2.01	2.51	0.90	2.01	2.63
1.680	0.71	1.55	2.03	1.45	2.52	3.20

Previous day's vol., Calls 100 Puts 100. Prev. day's open int., Calls 13,587 Puts 14,693

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
0.54	0.84	1.16	1.40	0.10	0.30	0.45
0.55	0.23	0.57	0.82	0.45	0.71	0.88
0.56	0.02	0.24	0.43	1.26	-	1.51

Previous day's vol., Calls 0 Puts 66. Prev. day's open int., Calls 5,803 Puts 17,670

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.33	94.31	-0.04	94.34	94.31	79,031	470,048
Sep	94.29	94.26	-0.03	94.30	94.26	122,212	384,689
Dec	94.19	94.16	-0.03	94.20	94.16	94,923	296,521

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	95.14	95.12	-0.01	95.14	95.12	168	4,557
Sep	–	95.11	–	–	–	12	478
Dec	–	95.14	–	–	–	1	3

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9625	0.095	0.105	0.115	0.090	0.020	0.030	0.040	0.150
9650	0.010	0.010	0.010	0.015	0.185	0.185	0.185	0.325
9675	0	0	0	0	0.425	0.425	0.425	0.560
9700	0	0	0	0	0.675	0.675	0.675	0.810

Est. vol. total, Calls 1950 Puts 4850. Previous day's open int., Calls 302726 Puts 349013

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9875	0.04	0.05	0.04	0.29	0.46	0.64
9900	0.01	0.01	0.01	0.51	0.67	0.86

Est. vol. total, Calls 750 Puts 0. Previous day's open int., Calls 8730 Puts 3350

BASE LENDING RATES

	%		%		%
Adam & Company	7.25	Exeter Trust Limited	8.25	●Singer & Friedlander	7.25
Allied Irish Bank (GB)	7.25	Financial & Gen Bank	8.00	●Smith & Williamson	7.25
●Henry Ansbacher	7.25	●Robert Fleming & Co	7.25	Sun Banking Corp Ltd	7.25
Banco Bilbao Vizcaya	7.25	●Guinness Mahon	7.25	TSB	7.25
Bank of Cyprus	7.25	Habib Bank AG Zurich	7.25	United Bank of Kuwait	7.25
Bank of Ireland	7.25	●Hambros Bank	7.25	Unity Trust Bank Plc	7.25
Bank of India	7.25	Heritable & Gen Inv Bk	7.25	Whiteaway Laidlaw	7.25
Bank of Scotland	7.25	C. Hoare & Co	7.25	Yorkshire Bank	7.25
Barclays Bank	7.25	Hongkong & Shanghai	7.25		
Brit Bk of Mid East	7.25	Investec Bank (UK) Ltd	7.25		
●Brown Shipley & Co Ltd	7.25	Julian Hodge Bank	7.25		
Citibank NA	7.25	●Leopold Joseph & Sons	7.25		
Clydesdale Bank	7.25	Lloyds Bank	7.25		
The Co-operative Bank	7.25	Midland Bank	7.25		
Coutts & Co	7.25	NatWestminster	7.25		
Cyprus Popular Bank	7.25	●Rea Brothers	7.25		
Duncan Lawrie	7.25	Royal Bk of Scotland	7.25		
		Scottish Widows Bank	7.25		

● Members of London Investment Banking Association
* In administration

Oil firmer despite Oslo opposition

MARKETS REPORT

By Robert Corzine, Kenneth Gooding and Gary Mead

Oil prices strengthened yesterday, even though a plan by the minority Norwegian government to sign up to a global production cutback ran into political opposition in Oslo.

The participation of Norway, the world's second largest oil exporter, in a global production restraint pact being engineered by Saudi Arabia, Mexico and Venezuela is seen by some analysts as crucial to the credibility of the agreement.

Marit Arnstad, the oil minister, consulted parliament late yesterday on the plan but Norway's NTB news agency reported that a majority in parliament's foreign affairs committee was opposed to a government proposal to cut 100,000 to 150,000 barrels a day.

The political opposition caused oil futures prices to weaken in London and New York. Prices had risen sharply on speculation that Norway would take part in the deal, which is due to be ratified at a meeting of the Organisation of Petroleum Exporting Countries in Vienna on Monday.

The bellwether Brent Blend futures contract for May delivery was quoted at $15.55 a barrel in late trading on London's International Petroleum Exchange, up 41 cents on Wednesday's close.

On New York's Mercantile Exchange, the May light crude contract rose at one point to $17.20 a barrel, though it later fell back to around $16.83, up 35 cents on Wednesday's close.

Although the Norwegian government is said to believe it would be wise to take part in the cutback, low crude prices are not wholly unwelcome in the country, whose economy was faced with severe over-heating because of the high rate of offshore activity.

However, officials are said to be worried that international companies might lose interest in developing some of Norway's more remote offshore oil and gas fields if world prices were to return to recent low levels.

On the London Metal Exchange lead and zinc prices rallied. Dealers said bullishness about lead could be traced to low LME stocks.

Nick Moore, analyst at Flemings Global Mining Group, pointed out that lead stocks had to fall by only another 9.6 per cent to be at their lowest for seven years.

Aluminium stocks were similarly placed, he said, as it would need only another 4.1 per cent fall to take them to their lowest point since 1991. Tin stocks had also been eroded substantially this year and a 7 per cent fall would take them down to a level not seen since 1989.

"Looking ahead, we expect both lead and tin to fall foul of fresh supplies to the market but we continue to have optimistic expectations about the prospects for aluminium," said Mr Moore.

Central to this optimism, however, was the self discipline shown by big aluminium producers, which still had 800,000 tonnes of annual capacity shut down.

Trading in coffee and cocoa futures on the London International Financial Futures Exchange was subdued. The benchmark May contract for cocoa was quite heavily bought by investment funds but sellers took advantage and the contract ended down £4 at £1,072 a tonne. May coffee closed at $1,740 a tonne, up $18.

LME fines Deutsche Bank offshoot

By Kenneth Gooding, Mining Correspondent

The London Metal Exchange has fined Deutsche Sharps Pixley Metals, a Deutsche Bank subsidiary, £90,000 ($150,000) for two breaches of its rules.

Traders said the fine seemed high but was a clear indication of the LME's new determination to be tough on transgressors.

Deutsche said the breaches arose from an administrative error two years ago by an employee who had since left the company. Once discovered, the error was immediately rectified and it co-operated fully with the LME inquiry.

The LME acknowledged that Deutsche had not deliberately set out to avoid its obligations. Nevertheless, Deutsche had failed to report certain large positions held by itself and its clients between October 1996 and June 1997 in accordance with the exchange's rules.

A disciplinary committee also concluded that Deutsche had further broken LME rules by failing to ensure proper training and supervision of the staff responsible for producing the large position reports.

"In view of the importance of large position reporting to the LME's regulation of the market, the disciplinary committee imposed a fine of £90,000," the LME said in its statement about the affair.

The Deutsche official said all Deutsche Sharps Pixley operations had been absorbed into the bank last year and all controls changed at that time.

This coincided with Deutsche giving up its position as one of the 16 ring dealing members of the LME and becoming an associate broker clearing member. Seven people associated with floor trading left the company.

Traders said Deutsche's decision to leave the ring might be connected with the discovery of the rule breaches. At the time Deutsche said "the floor trading activity was not necessary for the business we have".

Asarco expects copper shortfall

By Kenneth Gooding, Mining Correspondent

Asarco, the US mining group with one of the best records among copper market forecasters, suggested yesterday that turmoil in Asia would cut demand for the metal by 400,000 tonnes for the two years to end-1998.

But Richard Osborne, chairman, insisted that, contrary to predictions by most rival forecasters, demand for copper in the western world this year would outpace supply by 81,000 tonnes.

He said many analysts had predicted a copper supply surplus every year from 1992 but there had been a surplus only in 1997. That had nothing to do with over-supply but could be traced to the behaviour of the Chinese.

China used "a very intelligent trading strategy" last year to create the impression that the copper market was over-supplied, he said. This had driven down prices since July by 30 cents a pound to a level that would save China about $750m on its copper imports in 1998.

Last year, when London Metal Exchange copper prices were higher than China wanted to pay, it sold metal from strategic stocks when many western traders expected it to be importing copper, he said.

Some observers failed to see what was happening because Asian economies had begun to weaken.

China had reduced its import requirements by 220,000 tonnes by using 110,000 tonnes of refined copper from its strategic stocks and a further 110,000 tonnes from its semi-fabricated copper stocks.

"We believe China will re-import at least 55,000 tonnes of the strategic reserve material that was lent to the western market last July," Mr Osborne said at a meeting with analysts in London. In total, Asarco expected China to import 296,000 tonnes of refined copper to meet its estimated consumption of 1.78m tonnes in 1998.

Mr Osborne, who started his career in the industry as a research analyst, predicted that western world copper consumption this year would increase by nearly 2.5 per cent to 12.5m tonnes. This assumed growth in the US of 3.6 per cent against 5 per cent last year and 3.2 per cent for Europe, compared with 3.8 per cent.

These estimates were conservative, he insisted. Demand in the US had been so strong that recently Asarco had bought 15,000 tonnes of copper in the market to keep up with customer requirements.

As for supply, although Asarco projected new mines would provide an extra 889,000 tonnes, or 8.6 per cent, this year, total refined copper supply was expected to rise by only 186,000 tonnes to 11.79m. Offsetting the growth in new mine output would be mine closures and curtailments of 278,000 tonnes, a fall in western world scrap availability of 192,000 tonnes, and the increase of 235,000 tonnes of copper imports by China.

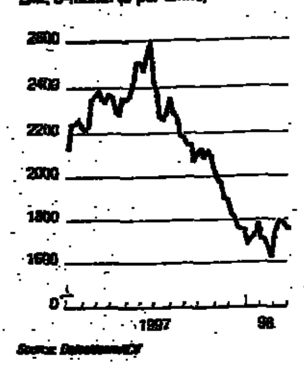
Mr Osborne said all this pointed to higher copper prices by the end of the year.

Copper in the western world

000 tons	1996	1997	1998e
Western refined supply	11,148	11,896	11,792
Net exports – CIS/Poland/other	988	983	996
Net imports – China	(431)	(119)	(351)
Net east-west exports	535	877	644
Net western supply	11,691	12,483	12,436
Consumption	(11,873)	(12,234)	(12,517)
Balance	(182)	249	(81)

Source: Asarco

Copper price
LME 3-month ($ per tonne)



Source: Datastream/ICV

French 'against modified maize'

By Our Commodities Staff

Most French people do not want to eat genetically engineered food and say France should reverse its decision to allow farmers to grow genetically altered maize, Greenpeace, the environmental group, said yesterday.

A poll, carried out for Greenpeace by BVA, found that 76 per cent of French people would not consume food containing, or derived from, genetically modified organisms, while 62.6 per cent would like the government to reverse its decision on gene maize cultivation.

France is the largest maize producer in the European Union. Last year, the government approved for cultivation a strain developed by Swiss group Novartis, reversing an earlier ban.

The genetically engineered maize is designed to resist the corn borer pest and has so far been grown in the US but not in Europe. Greenpeace has been campaigning against modified crops, saying gene technics may threaten human health and the environment.

The French maize growers association said yesterday that between 1,000 and 3,000 hectares of a total 3m devoted to maize in France would be planted with Novartis maize this year. Spring sowing begins in the next few weeks.

Privatisation of Nepalese tea estates under way

By Gary Mead

The privatisation of seven government-owned tea estates in Nepal has reached its penultimate stage, with the closing of the bidding process this week.

The government has received 33 bids for the estates from companies in India, Nepal, Sri Lanka and the UK.

The winning bid is likely to be selected by the end of April, with the subsequent transfer of 65 per cent of the equity to the new private sector partner to be completed by July.

The seven estates, some of which are more than 120 years old, have been under the control of the National Tea Development Corporation (NTDC) since 1966. Together they produce more than 1m kg of CTC (crush, tear and curl) tea, representing 55 per cent of Nepalese tea production.

Most of the NTDC's tea is consumed domestically, but two of the estates, representing some 10 per cent of total production, are at high altitude and have the potential to produce export-quality tea.

However, Nepalese tea exports have languished in recent years. One of the aims of the privatisation is to select a company which will more actively market the tea to overseas customers, according to the Adam Smith Institute in London, which is assisting the Nepalese government in managing the privatisation.

While Nepal's annual tea production of about 2,000 tonnes is small by international standards – world production in the 1990s has been far in excess of 2m tonnes a year – the international demand for tea is growing.

India, one of the world's biggest tea producers, is likely soon to become a net importer of tea, and demand in the former Soviet republics increased by 10 per cent in 1997.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1441-42	1466-67
Previous	1447.5-48.5	1474-75
High/low		1468/1457
AM Official	1439-40	1465-65.5
Kerb close		1459-60
Open int.	253,979	
Total daily turnover	59,098	

ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1285-90	1310-15
Previous	1290-95	1318-19
High/low		1320/1308
AM Official	1275-77	1302-03
Kerb close		1308-13
Open int.	5,355	
Total daily turnover	516	

LEAD ($ per tonne)

	Cash	3 mths
Close	583-4	577-8
Previous	568-69	567-68
High/low		585/570
AM Official	574.5-75.0	574-75
Kerb close		578-9
Open int.	34,440	
Total daily turnover	10,550	

NICKEL ($ per tonne)

	Cash	3 mths
Close	5440-50	5530-40
Previous	5485-75	5560-70
High/low		5560/5510
AM Official	5420-25	5515-25
Kerb close		5525-30
Open int.	52,059	
Total daily turnover	11,113	

TIN ($ per tonne)

	Cash	3 mths
Close	5535-45	5520-30
Previous	5485-95	5480-90
High/low		5550/5450
AM Official	5480-90	5480-85
Kerb close		5540-50
Open int.	15,627	
Total daily turnover	6,322	

ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1077-78	1101-02
Previous	1086-87	1111-12
High/low		1108/1093
AM Official	1072.5-73.0	1098-99
Kerb close		1102-03
Open int.	78,354	
Total daily turnover	24,392	

COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1741.5-43.5	1768-70
Previous	1739-40	1766-67
High/low		1772/1749
AM Official	1727-28	1753-53.5
Kerb close		1759-60
Open int.	161,864	
Total daily turnover	54,279	

LME AM Official £/$ rate: 1.6762
LME Closing £/$ rate: 1.6855

Spot: 1.6863 3 mths: 1.6792 6 mths: 1.6749 9 mths: 1.6700

HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	78.75	+0.50	79.45	78.50	858	845
Apr	78.90	+0.45	79.60	78.70	398	3,918
May	79.45	+0.50	80.20	78.75	7,039	25,679
Jun	79.65	+0.50	80.20	79.55	26	2,258
Jul	79.85	+0.45	80.55	79.60	873	11,707
Aug	80.20	+0.40	80.60	80.60	1	1,560
Total					9,208	98,246

PRECIOUS METALS

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	300.70-301.20		
Opening	298.60-298.90		
Morning fix	299.20	178.53	446.71
Afternoon fix	298.60	178.36	446.49
Day's High	300.80-301.10		
Day's Low	298.45-298.75		
Previous close	299.00-299.50		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.88	6 months	3.82
2 months	3.84	12 months	3.73
3 months	3.81		

Silver Fix	p/troy oz.	US cts equiv.
Spot	379.80	636.00
3 months	379.05	631.95
6 months	378.25	627.85
1 year	380.05	626.35

Gold Coins	$ price	£ equiv.
Krugerrand	297-299	176-177
Maple Leaf	-	-
New Sovereign	69-73	41-43

Precious Metals continued

GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	301.7	+2.6	-	-	-	-
Apr	301.8	+2.4	302.1	299.0	32,504	38,916
Jun	303.7	+2.4	303.9	301.2	21,373	57,016
Aug	305.7	+2.4	306.0	303.5	325	6,787
Oct	307.7	+2.4	306.0	306.0	71	4,322
Dec	309.7	+2.4	310.0	307.5	333	15,163
Total					55,175	172,849

PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	416.4	+9.7	417.0	407.0	3,664	7,905
Jul	412.6	+9.6	413.0	406.2	2,289	6,641
Oct	409.2	+9.5	-	-	22	431
Jan	406.7	+9.5	-	-	16	48
Total					5,999	15,033

PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	285.70	+9.45	284.50	283.00	6	34
Jun	270.70	+7.45	271.00	265.00	960	5,037
Sep	264.70	+7.95	263.00	261.50	15	745
Total					981	5,816

SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	634.8	+18.0	636.5	634.0	19	94
May	636.3	+17.3	638.5	614.0	13,008	43,722
Jul	634.8	+17.0	638.0	624.0	477	15,955
Sep	632.9	+17.0	626.5	626.0	32	5,193
Dec	631.0	+17.0	630.0	621.0	387	10,712
Jan	630.5	+17.0	-	-	-	15
Total					13,952	85,246

ENERGY

CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	16.83	+0.35	17.20	16.48	61,619	112.5k
Jun	17.09	+0.33	17.45	16.79	21,868	76,780
Jul	17.32	+0.32	17.62	17.02	6,626	39,444
Aug	17.55	+0.36	17.82	17.25	5,540	23,748
Sep	17.63	+0.27	17.86	17.41	2,143	23,163
Oct	17.75	+0.26	17.95	17.65	1,089	15,770
Total					118,777	456,878

CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
May	15.55	+0.41	15.82	14.95	27,500	68,943
Jun	15.80	+0.41	16.02	15.34	13,383	44,096
Jul	16.01	+0.38	16.21	15.60	3,273	17,297
Aug	16.35	+0.61	16.40	15.80	1,144	12,766
Sep	16.40	+0.47	16.40	16.03	1,285	12,608
Oct	16.54	+0.43	16.56	16.22	796	9,118
Total					n/a	n/a

HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	45.85	+0.73	46.80	45.36	12,524	24,293
May	46.40	+0.91	47.05	45.70	11,234	42,287
Jun	46.95	+0.91	47.60	46.30	4,229	23,299
Jul	47.65	+0.86	48.40	47.25	1,942	17,250
Aug	48.50	+0.86	49.00	48.30	918	12,693
Sep	49.50	+0.86	50.00	48.50	651	10,892
Total					36,242	185,836

GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	143.00	+6.25	144.00	138.25	11,228	30,831
May	144.75	+5.75	145.50	140.50	8,910	20,073
Jun	146.75	+5.50	147.25	143.00	1,750	17,337
Jul	149.25	+5.50	149.50	146.00	918	9,602
Aug	151.75	+5.50	152.50	148.25	260	8,752
Sep	154.25	+5.50	154.75	150.75	408	9,415
Total					20,164	145,379

NATURAL GAS IPE (1,000 therms; pence per therm)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	8.780	+0.030	8.800	8.780	150	2,220
May	8.730	+0.060	8.730	8.730	5	2,000
Total					2,540	18,886

NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	2.340	-0.025	2.385	2.325	36,859	25,144
May	2.380	-0.024	2.425	2.380	15,531	40,915
Jun	2.400	-0.027	2.435	2.400	5,167	18,218
Jul	2.420	-0.022	2.445	2.410	2,138	14,837
Aug	2.440	-0.015	2.465	2.430	2,532	13,945
Sep	2.440	-0.015	2.451	2.430	1,246	10,700
Total					70,231	220,986

UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	53.70	+1.12	54.80	52.73	12,557	19,721
May	54.50	+0.86	55.65	53.70	13,885	40,433
Jun	55.15	+0.86	56.10	54.40	4,473	18,731
Jul	55.15	+0.84	56.15	54.35	1,559	13,206
Aug	55.25	+0.84	55.60	54.55	320	6,944
Sep	54.45	+0.44	55.25	54.45	717	8,312
Total					33,803	118,305

GRAINS AND OIL SEEDS

WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	71.40	-0.20	72.50	71.60	178	2,284
Jul	73.40	-0.20	74.50	73.40	117	1,329
Sep	73.50	+0.10	-	-	-	134
Nov	75.50	+0.10	76.00	75.40	211	2,865
Jan	77.50	+0.25	78.00	77.40	35	426
Total					550	7,294

WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	320.25	-8.25	330.00	318.00	4,643	41,725
Jul	329.50	-9.00	339.00	329.00	4,095	39,260
Sep	338.00	-9.25	347.50	338.00	354	5,769
Dec	349.25	-11.00	360.00	348.50	581	11,537
Mar	360.00	-7.00	367.00	360.00	114	909
Jul	354.00	-4.00	-	-	3	37
Total					9,787	99,237

MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	261.50	-3.50	265.50	261.25	19,916	123,955
Jul	268.25	-3.00	272.00	268.00	7,388	112,029
Sep	271.50	-3.00	275.00	271.50	2,178	25,925
Dec	272.25	-3.00	275.50	272.00	8,647	94,516
Mar	279.25	-2.75	282.00	279.00	147	6,589
May	283.00	-3.50	285.50	282.75	59	282
Total					38,481	365,858

BARLEY LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	72.25	-0.25	-	-	-	245
Sep	71.00	-0.50	-	-	-	12
Nov	73.00	-0.50	74.25	74.25	10	500
Jan	75.00	-0.50	-	-	-	75
Mar	77.00	-0.50	-	-	-	-
Total					10	832

SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
May	652.75	+1.75	657.00	650.50	20,488	66,672
Jul	655.00	+1.50	659.00	653.00	7,238	44,653
Aug	654.25	+0.50	659.00	652.75	1,025	9,389
Sep	637.00	-2.00	643.50	637.00	18	1,626
Nov	632.00	-2.75	636.50	631.50	2,998	30,257
Jan	638.00	-2.50	641.50	638.00	26	975
Total					31,822	154,553

SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
May	27.91	+0.25	28.15	27.66	9,875	68,095
Jul	28.02	+0.22	28.25	27.92	5,324	52,135
Aug	27.83	+0.17	28.10	27.75	625	8,630
Sep	27.55	+0.19	27.65	27.45	786	5,841
Oct	26.95	+0.12	27.05	26.92	250	4,473
Dec	26.73	+0.07	26.90	26.70	917	13,616
Total					17,577	183,632

SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
May	168.1	+0.7	169.5	166.6	9,838	54,209
Jul	170.0	-0.2	171.7	169.0	4,362	36,066
Aug	171.5	-0.2	172.8	171.0	982	14,024
Sep	172.2	-0.9	174.0	171.8	1,096	10,404
Oct	173.0	-0.5	173.8	172.5	373	4,251
Dec	175.9	-0.8	177.3	175.1	1,213	12,401
Total					17,880	132,334

POTATOES LIFFE (20 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	60.0	-0.5	61.0	59.0	60	480
May	68.0	+0.5	68.0	68.0	11	382
Jun	74.5	-	-	-	-	-
Nov	80.0	-	-	-	-	3
Mar	89.0	-	-	-	-	-
Total					123	1,158

FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	980	-	980	980	18	332
Apr	995	+5	985	985	51	679
May	1015	+5	1010	995	37	220
Jul	950	+7	945	940	26	273
Oct	1085	+5	-	-	-	131
Total					139	1,664

	Close	Prev
BFI	989	987

PULP AND PAPER

PULPEX OMLX (US$; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Jun	519.25	+2.00	520.25	519.00	21	485
Sep	542.00	+1.25	542.00	542.00	5	185
Total					36	677

FUTURES DATA
All futures data supplied by CMS.

Wool from Mallett & Co
Australia: last week's slightly firmer tendency in the merino wool market was helped by limited offerings at auction. The eastern market indicator was 16 cents down at 638 cents, and the western indicator fell 24 cents to 578 cents. Observers find it difficult to see early world market strength. New Zealand: the indicator slid another 4 cents to 426 cents this week. British wool sales ended with a clearance of barely 85 per cent and with most prices softer. The Marketing Board set reserves in an effort to maintain some steadiness in the face of world over-supply and low international prices.

SOFTS

COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1059	-4	1060	1060	8	103
May	1072	-4	1083	1068	1,937	27,857
Jul	1085	-4	1095	1083	1,484	17,435
Sep	1100	-4	1109	1100	277	26,934
Dec	1119	-5	1129	1119	1,320	27,959
Mar	1140	-5	1148	1144	245	37,652
Total					5,626	159,992

COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
May	1650	+11	1658	1635	4,596	24,026
Jul	1666	+10	1674	1654	1,242	18,202
Sep	1686	+9	1693	1667	78	7,864
Dec	1716	+8	1723	1715	574	13,909
Mar	1746	+8	1748	1744	213	8,715
May	1767	+8	1752	1752	53	4,062
Total					6,770	78,433

COCOA (ICCO) (SDR's/tonne)

Mar 25	Price	Prev. day
Daily	1295.04	1295.53

COFFEE LIFFE ($ tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1742	+17	1740	1719	8	175
May	1740	+18	1740	1712	1,630	17,249
Jul	1702	+17	1700	1680	499	10,846
Sep	1672	+15	1670	1648	251	2,984
Nov	1640	+11	1627	1622	100	1,401
Jan	1610	+6	1615	1615	3	109
Total					2,496	32,782

COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	146.25	+2.70	146.80	143.60	6,429	15,788
Jul	140.30	+2.05	141.00	138.50	1,397	6,086
Sep	135.20	+2.20	135.50	133.50	570	4,828
Dec	129.25	+2.00	129.50	127.50	353	3,652
Mar	126.00	+2.00	126.50	124.50	177	1,216
May	124.50	+2.00	-	-	92	550
Total					9,058	32,279

COFFEE (ICO) (US cents/pound)

Mar 25		Prev. day
Comp. daily	118.65	118.74
15 day average	119.35	119.40

WHITE SUGAR LIFFE (50 tonnes; $/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	265.8	-0.9	266.7	265.5	1,344	15,595
Aug	269.0	-0.5	269.5	268.7	601	10,559
Oct	273.7	-0.4	274.2	273.4	258	7,180
Dec	276.2	-0.6	-	-	-	852
Mar	279.5	-0.2	280.5	280.5	10	983
May	283.6	+1.4	-	-	-	498
Total					2,213	35,769

SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	9.80	-0.03	9.88	9.78	7,856	68,349
Jul	9.52	-0.08	9.61	9.51	3,641	38,529
Oct	9.76	-0.05	9.83	9.75	1,493	42,309
Mar	10.09	-0.06	10.17	10.08	419	17,673
May	10.14	-0.08	10.23	10.21	26	2,342
Jul	10.19	-0.08	-	-	127	3,395
Total					13,469	174,885

COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	69.51	+0.45	69.60	68.65	3,642	29,395
Jul	70.92	+0.41	70.95	70.11	1,980	16,829
Oct	72.60	-0.10	72.60	72.25	133	2,505
Dec	73.99	+0.21	74.00	73.40	719	25,471
Mar	74.98	+0.18	74.90	74.80	6	1,893
May	75.45	+0.15	-	-	5	756
Total					6,526	76,886

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	105.85	-2.15	108.00	103.75	984	22,167
Jul	109.00	-2.10	111.00	107.00	148	7,215
Sep	111.85	-2.20	114.00	110.80	115	3,468
Nov	113.55	-2.00	115.50	112.50	34	3,315
Jan	114.80	-1.75	116.15	113.00	51	1,338
Mar	116.80	-1.75	118.10	114.00	30	754
Total					1,392	38,857

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

Reuters (Base: 18/9/31 = 100)

Mar 26	Mar 25	month ago	year ago
1669.3	1667.1	1706.5	1967.1

CRB Futures (Base: 1967 = 100)

Mar 25	Mar 24	month ago	year ago
228.85	229.73	-	-

GSCI Spot (Base: 1970 = 100)

Mar 25	Mar 24	month ago	year ago
169.73	167.99	164.49	198.22

LME WAREHOUSE STOCKS (tonnes)

Aluminium	-625	to	545,175
Aluminium alloy	-140	to	48,080
Copper	-1,350	to	349,375
Lead	-375	to	97,125
Nickel	+108	to	64,488
Zinc	-1,225	to	470,925
Tin	-185	to	8,335

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	63.275	-0.675	63.900	63.250	10,380	39,692
Jun	65.300	-0.450	65.650	65.200	5,010	34,831
Aug	66.850	-0.475	67.275	66.800	1,986	13,560
Oct	67.775	-0.650	68.200	67.750	748	9,493
Dec	68.800	-0.700	69.800	68.800	72	2,585
Feb	70.625	-0.325	70.850	70.625	36	821
Total					18,382	101,152

LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Apr	51.300	+0.100	51.550	50.800	2,879	11,471
Jun	57.125	+0.050	57.550	56.800	1,837	11,965
Jul	56.650	+0.375	56.800	56.200	1,023	4,398
Aug	54.300	+0.100	54.550	54.100	382	3,177
Oct	52.425	+0.225	52.475	52.100	329	3,025
Dec	52.875	+0.300	52.975	52.600	178	2,822
Total					3,727	17,896

PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Mar	47.600	+0.375	48.200	47.500	4	7
May	46.400	+1.325	46.700	45.100	1,398	5,909
Jul	45.025	+1.050	45.250	44.050	511	2,257
Aug	43.000	+0.800	44.000	42.700	219	995
Sep	46.000	+0.500	46.000	-	1	16
Total					2,135	9,213

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
ALUMINIUM (99.7%) LME	May	Aug	May	Aug
1400	62	100	13	27
1500	14	46	64	72
1600	1	18	151	141
COPPER (Grade A) LME	May	Aug	May	Aug
1700	85	123	37	64
1800	37	74	89	114
1900	13	42	164	179
COFFEE LIFFE	Mar	May	Mar	May
1700	66	87	26	85
1750	38	66	48	114
1800	20	49	80	147
COCOA LIFFE	May	Jul	May	Jul
1050	34	61	12	26
1075	19	47	22	37
1100	10	36	38	51
BRENT CRUDE IPE	May	Jun	May	Jun
1500	86	99	28	50
1550	47	-	54	77
1600	27	78	-	105

LONDON SPOT MARKETS

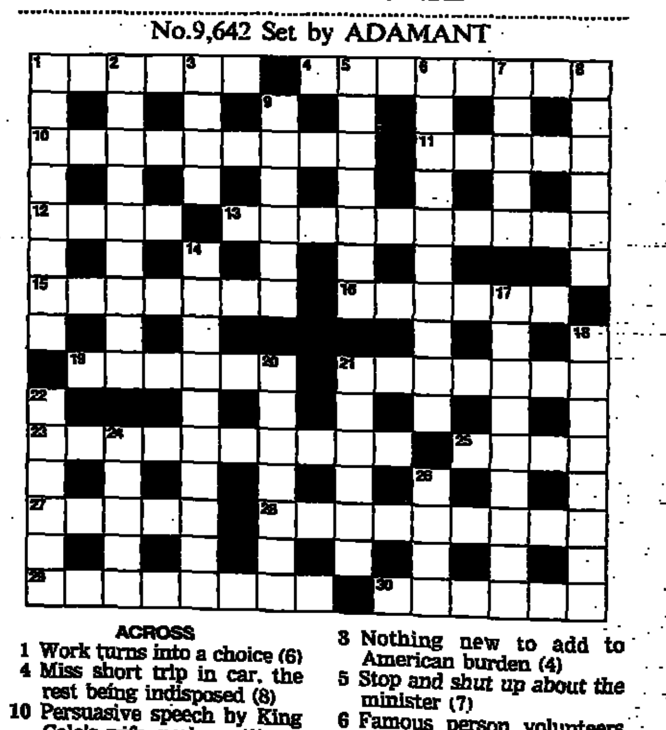
CRUDE OIL FOB (per barrel)		+or-
Dubai	$13.26-3.38x	+0.65
Brent Blend (dated)	$14.81-4.94	+0.585
Brent Blend (May)	$15.46-5.49	+0.62
W.T.I.	$16.81-6.84x	+0.58
OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$169-171	+4
Gas Oil	$142-144	+6.5
Heavy Fuel Oil	$66-68	+2
Naphtha	$145-147	+3
Jet fuel	$151-153	+6
Diesel	$146-148	+6.5
NATURAL GAS (Pence/therm)		
Bacton (Apr)	8.70-8.80	+0.025
Petroleum Argus. Tel. London (0171) 359 8792		
OTHER		
Gold (per troy oz)♣	$300.95	+1.70
Silver (per troy oz)♣	638.00c	+2.20
Platinum (per troy oz.)	$415.50	+8.50
Palladium (per troy oz.)	$281.00	+3.00
Copper	84.0c	-1.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	19.78r	
Tin (New York)	262.5	
Cattle (live weight)	85.63p	-0.31*
Sheep (live weight)	84.83p	-6.01*
Pigs (live weight)†	72.48p	-6.37*
Lon. day sugar (raw)	$246.30	-2.00
Lon. day sugar (wte)	$269.20	-1.30
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Apr)♥	47.50p	
Rubber (May)♥	47.50p	
Rubber (KL RSS No1)	272.00m	
Coconut Oil (Phil)§	580.0y	-7.5
Palm Oil (Malay.)§	642.5	
Copra (Phil)§	$377.0y	-3.0
Soyabeans (US)	174.0	
Cotton Outlook'A' index	68.40	
Wooltops (64s Super)	374p	-2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Mar/Jun. x May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. † Based on 1,236 head of pigs sold.

JOTTER PAD

CROSSWORD

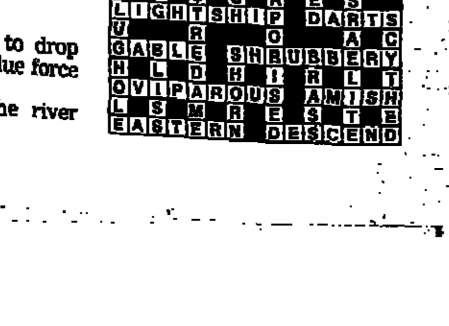
No.9,642 Set by ADAMANT



ACROSS
1 Work turns into a choice (6)
4 Miss short trip in car, the rest being indisposed (8)
10 Persuasive speech by King Cole's wife, perhaps (9)
11 Support for course on writing is plentiful (5)
12 Understood the gardens included the first narcissi (4)
13 One has to have the stomach for such a sugary loaf (10)
15 Left to buy all the components of rock music (7)
16 Money featured in Bible story first (6)
19 Deuced nuisance, being drawn out (6)
21 Putting money on a non drinker being around (7)
23 Did it produce the brown ink which left his letters jumbled after the reduction? (10)
25 Plant by river running through wetland (4)
27 Have confidence in financial body (5)
28 Where brothers walk, about to look at troubled sister (9)
29 Those in power create more confusion about traveller's return with first sales (8)
30 Heartlessly clear the goddess is at a turning point (6)

DOWN
1 Rough lover liked to drop journalist with undue force (8)
2 Dried off round the river dug out (9)
3 Nothing new to add to American burden (4)
5 Stop and shut up about the minister (7)
6 Famous person volunteers to go in dignity (10)
7 Article on Levantine subject (5)
8 Settle down in acres ideal for colonising (6)
9 Regardless of a terrible yawn last Monday (6)
14 It figures out the answers (10)
17 Senses oil around, but makes no sound (9)
18 Worries a lot when nothing new is found in a long time (8)
20 Graffiti artist put colour up round the front wall (7)
21 Common blunder on work of prelate (6)
22 Cut down on chesty problems (6)
24 Dependable person, or a knave maybe? (5)
26 Will society pitch in for one of the 29? On the contrary! (4)

Solution 9,641



FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA
(FSA RECOGNISED)

BERMUDA
(REGULATED)(**)

GUERNSEY
(FSA RECOGNISED)

GUERNSEY
(REGULATED)(**)

IRELAND
(FSA RECOGNISED)

IRELAND
(REGULATED)(**)

ISLE OF MAN
(FSA RECOGNISED)

ISLE OF MAN
(REGULATED)(**)

JERSEY
(FSA RECOGNISED)

JERSEY
(REGULATED)(**)

LUXEMBOURG
(FSA RECOGNISED)

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Offshore Funds and Insurances

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ABN AMRO Funds - Contd.

Aberdeen Fund Mngrs (Luxembourg) Ltd (u)

American Phoenix Investment Portfolios (u)

BAII Asset Management Ltd

Bank Von Ernst & Cie AG

Fleming Group - Contd.

Foreign & Colonial Emerging Markets Ltd (u)

Foreign & Colonial Portfolios Fd Sicav(u)

Frontrunner I (u)

Mercury Asset Management - Contd.

Morgan Stanley Sicav

LUXEMBOURG (REGULATED)(**)

ACM Offshore Funds

Credit Suisse Asset Mgmt Funds - Contd.

Merrill Lynch Asset Management

Swiss Bank Corporation

Eagle Star Int'l Life

OFFSHORE INSURANCES

Aberdeen International Ltd

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

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OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or –	52 week high	52 week low	Volume '000s	Yld Gr's	P/E
Allied Domecq	‡♣	501	+4½	618	407½	2,147	4.1	15.1
Bulmer (HP)	✝‡	383	+25	685	295	–	4.9	11.8
Burn Stewart	✝	29½	–	70½	28	10	14.4	10.3
Diageo	♣	693xr	–17½	735	432	4,740	2.6	29.7
Glenmorangie A	†	820	—	1020	775	–	2.0	19.6
B	†	932½	—	1140	912½	–	0.9	44.6
Highland	✝	209½	—	350	258	132	4.1	12.5
5¼pc Cv Sb Bd		95	—	99½	85½	–	6.0	–
Kirin Y	s	524½	+17¼	694¼	418½	–	1.1	–
Matthew Clark	✝♣‡	210xd	+2½	335	157	60	11.9	6.8
Merrydown	✝	47½	–1	108½	45	–	8.3	–
Seagram C$		£23¼	–¾	£25¾	£18¼	–	1.2	–

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING MATS. & MERCHANTS

CHEMICALS

CONSTRUCTION

CONSTRUCTION - Continued

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Continued

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Continued

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Continued

HOUSEHOLD GOODS & TEXT

HOUSEHOLD GOODS & TEXT - Continued

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Continued

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Continued

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FTSE Actuaries Share Indices.

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Continued

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PHARMACEUTICALS - Continued

PROPERTY

PROPERTY - Continued

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Continued

SUPPORT SERVICES

SUPPORT SERVICES - Continued

TELECOMMUNICATIONS

TOBACCO

TRANSPORT

TRANSPORT - Continued

WATER

AIM

AIM - Continued

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Volume '000s	Yld Gr's	P/E
Anglo Am Ind R	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.0	ϕ
Barlow	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.0	12.9
Gold Flds Prop R		[illegible]	[illegible]	107	[illegible]	-	6.5	12.8
SA Breweries R	†	[illegible]	[illegible]	[illegible]	[illegible]	-	2.1	-
Standard Bank		[illegible]	[illegible]	[illegible]	[illegible]	-	1.5	-
Tiger Oats		[illegible]	+42	1160	780	-	2.0	17.5
Tongaat-Hulett R		[illegible]	—	780	[illegible]	-	3.0	12.5

TRADED INDEX SECURITIES

	Notes	Price	+ or -	52 week high	52 week low	Volume '000s	Yld Gr's	P/E
FTSE 100 TRANS		[illegible]	—	[illegible]	5472	-	-	-

GUIDE TO LONDON SHARE SERVICE

Prices and trading volumes for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE-100 Index constituents and reserves contained in the Trading Volume table on the LSE page, last trade prices at or prior to 4:30pm market close are shown, as these shares are now traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on intra-day mid-prices/last trades over a rolling 52 week period.

Trading Volumes are end of day accumulated totals. Dashes indicate that either no trade has taken place during the day or the data is not available for those particular securities. Volumes shown for foreign securities are based on London trading.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of those foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♦ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- , Indicated dividend yield after pending scrip and/or rights issue
- ✦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on [illegible] dividend. [illegible] figures. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on [illegible] previous year's earnings [illegible] yield based on prospectus or other official estimate for 1997. K Yield based on prospectus or other official estimates for 1998. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on [illegible] yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: , ex dividend; , ex scrip issue; , ex rights; , ex all; , ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1485 a year for each security shown, subject to the Editor's discretion

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Comprehensive 10-18 page report available on this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements.
Company Focus (FT news) £5.45,
Focus Plus (FT and Investors Chronicle news) £10.95.
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The share prices printed on these pages are also available on the Internet at http://www.FT.com.

LONDON STOCK EXCHANGE

Late rally helps Footsie hang on to 5,900 level

MARKET REPORT

By Philip Coggan, Markets Editor

A profit warning from a leading retailer, a big placing, and a further rise in the pound contributed to a decline in leading shares yesterday.

But smaller stocks managed to escape the sell-off. The FTSE SmallCap index gained 4.5 to 2,630.7, an all-time closing high.

The blue-chip index, the FTSE 100, was in retreat for much of the day. Before trading opened, dealers had to absorb Wednesday's fall on Wall Street and a profit warning from Next, one of the best-performing stocks of the 1990s, which sent the shares down 24 per cent.

When the market opened, the placing of the British Aerospace stake in Orange gave investors indigestion for a while.

Later on, comments from Willem Buiter of the Bank of England's monetary policy committee that a fall in sterling would constitute an inflation risk contributed to a rise in the pound.

The Bank of England's trade-weighted index closed at 108.1, its highest level since February 1989.

Economic news was distinctly mixed. The trade deficit with non-EU countries widened sharply in February, indicating that sterling's strength and the Asian crisis was biting on the manufacturing sector.

The Confederation of British Industry survey confirmed the fragility of the sector. *Analysts pointed to* the finding that price intentions are very weak.

"The sector is clearly not growing at a pace which poses a threat to inflation," says Simon Briscoe, UK economist at Nikko Europe.

That may be good news on inflation – and thus on the outlook for interest rates – but could be less helpful for corporate profit margins.

All this carried Footsie below 5,900 for a while. At its worst of the day, it was 117.1 points lower at 5,850.7. But a late recovery enabled it to close just 62.2 down at 5,905.6. The FTSE 250 index *shed 29 to 5,515.4.*

Valuations in the UK and US equity markets have started to look stretched in recent weeks, with the dividend yield on the FTSE All-Share index falling to its lowest, and the price-earnings ratio on the S&P 500 index rising to its highest, level since records began.

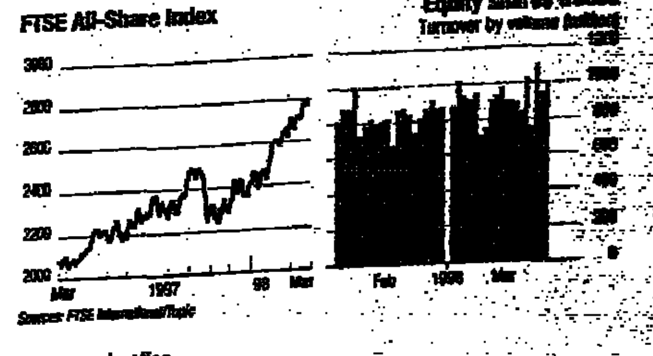
Peter Chambers, managing director, investment strategy at HSBC James Capel, says that there is a bit of a bubble in the Western markets, but it is hard to see what will burst it in the short term. Equity prices are higher than is justified, even by the low levels of short and long-term interest rates. However, it may need a pick-up in inflation to make the market lose momentum.

Ben Heaton of stockbrokers Durlacher, a technical analyst who uses fractal patterns, has turned to the options market to justify a bearish call.

He says the implied volatility of put options, which give investors *the right to* sell, has dropped to the level of calls; normally the volatility of puts is higher because of the tendency for prices to fall sharply and quickly in bear markets. This indicates, he believes, that investors have become complacent.

He thinks Footsie peaked at 6,065 and will fall as far as 3,850 in the second quarter.

Volume was 1bn shares by the 6pm count.



Indices and ratios

FTSE 100	5905.6	-62.2	FT 30	3754.1	-36.1
FTSE 250	5515.4	-29.0	FTSE Non-Fins p/e	22.15	22.35
FTSE 350	2840.9	-27.1	FTSE 100 Fut Mar	5981.0	-98.0
FTSE All-Share	2771.33	-24.52	10 yr Gilt yield	5.96	5.95
FTSE All-Share yield	2.80	2.77	Long gilt/equity yld ratio	2.14	2.15

Best performing sectors

1 Support Services +0.6
2 Property +0.5
3 Electricity +0.3
4 Engineering: Vehicles +0.3
5 Leisure & Hotels +0.2

Worst performing sectors

1 Retailers: General -2.1
2 Insurance -2.1
3 Gas Distribution -1.9
4 Diversified Inds -1.7
5 Alcoholic Beverages -1.7

Orange holds up on sale

COMPANIES REPORT

By Steve Thompson and Martin Brice

There were few eyebrows raised in surprise in the market after British Aerospace sold most of its 21 per cent stake in Orange, the highly successful mobile phones group.

Speculation that BAe was looking to place the stake in *the market has been rife for* many weeks. BAe paid a mere £55m for its stake some years ago.

BAe sold a 16.11 per cent block of Orange stock, or 193m shares, to Warburg Dillon Read, the Swiss-owned investment bank for £763.8m, or 395.75p a share, compared with the previous day's closing price of 418½p.

The investment bank moved to place the stock with institutions on both sides of the Atlantic. Talk in the market suggested the shares were being offered for sale by Warburg at 399½p. BAe said it would retain the remaining 5 per cent.

Orange shares, a strong market over the past few weeks, held up reasonably well, finishing the day a net 21½ lower at 397p. That was despite intense speculation that Warburg had encountered problems in selling the whole of the 193m shares.

Official turnover figures indicated that Warburg might well have been left holding as much as 50m Orange. British Aerospace, meanwhile closed the session 3 higher at £20.05.

A profits warning issued by Next, the high street fashion retailer, hit the market like a hammer blow. The Next share price fell sharply, taking the rest of a recently fragile retail sector with it.

The first signs of the market's unease over Next's figures were evident last week, when the shares began to wobble, and the stock was notably weak in a generally firm retailing sector on Wednesday.

But no one in the market expected the statement that profits for the half year would show a decline, the first in seven years, following a marked slowing in consumer spending and problems with stocking levels.

Sales during the first seven weeks of the company's financial year were down 1.5 per cent overall. Analysts moved quickly to chop their full-year estimates, by between 15 and 20 per cent. Their previous forecasts ranged from £204m to £215m, giving a consensus figure of £210m, indicating that reductions will bring that down to £170m to £180m.

At their worst, Next shares plummeted 200½p, or 28 per cent, to a 52-week low of 517p. That fall alone accounted for almost four FTSE 100 points. The stock *price finished 173½ down at* 544p after heavy turnover of 24m shares.

Other retailers to suffer included sector leader Marks and Spencer, which dipped 16½ to 603p - worth around three Footsie points - Kingfisher, down 16 at £11.38, House of Fraser, 7½ off at 162½p, Storehouse, which dipped 9½ to 249½p and Arcadia, which fell 22 to 464p.

The recent publicity over what has been described as exorbitant profiteering by football shirt manufacturers and retailers continued to affect sports goods retailers. JJB Sports dropped 37½ to 635p, JD Sport 7 to 116½p and Blacks Leisure 5 to 397½p.

EMI, the music recording and publishing group, lost ground in the wake of a profit warning issued by Polygram, the Dutch company with many similarities to EMI.

The warning triggered a big slide in Polygram shares in Amsterdam and saw sellers of EMI out in force during the early part of the trading session. At their worst, EMI fell over 30p, but they later stabilised and rallied to close only 9½ lower at 515p. Specialists said Polygram's warning was similar to that issued by EMI in January which triggered a sharp downwards move in its shares. "When EMI drop to around 500p, the takeover stories emerge and tend to prop up the stock price," said one analyst.

Williams performs

Williams achieved the best performance in the Footsie as it recovered much of the ground lost following a series of late trades in a thin order book on Wednesday.

The shares rose 24¼ to 451p as investors applauded the sale to ICI of its European home improvement businesses for £300m. News of a £300m share buy-back also cheered analysts. ICI was off 11 at £10.45.

Sector specialists said while there was no date for the float of Williams' Portuguese paint side, Robbialac, or *announcement of the sale* of its US paint side, the two together could produce a further £350m.

Geoff Allum at Henderson Crosthwaite said: "Whilst the quality of Williams has undoubtedly been increased as a result of these actions, the markets for both fire protection and security products are still fairly subdued worldwide and as a manufacturer the current p/e is discounting possibly more growth than can easily be delivered."

Scottish Power shares were among the most erratic, retreating to a session low of 519p, burdened by a flurry of selling by small shareholders, accord*ing to dealers. Later,* however, the market began to pick up, eventually leaving the shares a net 16 higher at 575p.

South West Water was another stock caught in a two-way pull. The shares climbed 14 early in the session on takeover speculation. Some dealers were suggesting that South West Electricity, taken over two years ago by Southern Corporation of the US, might be interested in linking the electricity and water companies in the south-west region.

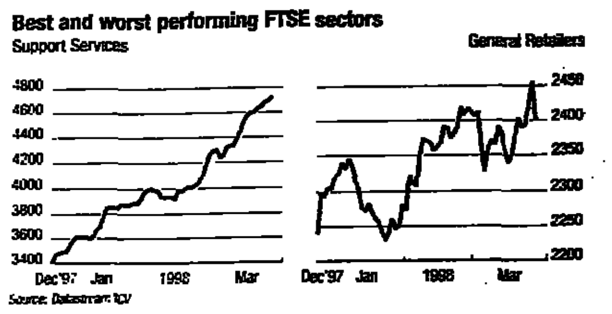
The talk petered out later, however, driving the shares down to a closing level of 974½p, down 7½ on the day.

Northern Leisure raced up 65 to a record high of 582½p after the group said it had received an approach that could lead to a bid.

Figures from Beazer confirmed the strength in UK housing stocks as the builder unveiled pre-tax profits up 32 per cent at £31.4m, exceeding most forecasts. The shares ran into profit-taking and were down 9¼ at 214p in trade of 6.9m.

The company said there was pressure on labour and materials costs but it expected good full-year results.

Other construction-related stocks rose. Amey was up 42¼ at 675p, while Barratt Developments continued to benefit from its strong results on Wednesday and gained a penny to 320p.



FT 30 INDEX

	Mar 26	Mar 25	Mar 24	Mar 23	Mar 20	Yr ago	*High	*Low
FT 30	3754.1	3790.2	3796.7	3768.1	3771.5	2851.4	3796.7	3712.3
Ord. div. yield	2.94	2.91	2.91	2.93	2.92	3.89	4.22	2.90
P/E ratio net	24.11	24.33	24.40	24.21	24.25	17.06	24.48	15.80
P/E ratio nil	23.90	24.11	24.19	24.00	24.03	16.88	24.26	15.71

FT 30 since compilation: high 3796.7 19/03/98; low 49.4 26/06/40 Base Date: 1/7/35.

FT 30 hourly changes

Open	9	10	11	12	13	14	15	16	High	Low
3790.0	3771.6	3771.1	3751.5	3746.5	3729.7	3729.2	3723.6	3734.4	3790.2	3712.3

 *For 1997/98.

STOCK MARKET TRADING DATA

	Mar 26	Mar 25	Mar 24	Mar 23	Mar 20	Yr ago
SEAQ bargains	73,069	74,114	74,310	78,118	111,047	58,547
Equity turnover (£m)†	-	3617.6	3395.1	3138.8	3279.4	2813.9
Equity bargains†	-	64,403	67,072	70,466	71,899	65,520
Shares traded (m)†	-	959.9	872.1	860.1	820.4	1149.2
Total market bargains‡	-	75,409	77,932	86,030	104,114	na
Total turnover (£m)‡	-	4906.5	4804.7	4456.4	4962.3	na
Total shrs traded (m)‡	*1000.3	‡1213.9	‡1145.8	‡1136.6	‡1120.4	na
Tradepoint turnover (£m)	28.5	20.7	31.5	33.9	43.7	5.8
Tradepoint shrs traded	10,359	7,392	8,220	9,800	12,086	1,994

†Excluding intra-market and overseas turnover but including Crest turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	584	Total Highs	221	Total contracts	30,371
Total Falls	1,022	Total Lows	50	Calls	15,043
Same	1,399			Puts	15,328

Mar 26 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	6015.0	5940.0	-99.0	6015.0	5915.0	26746	[illegible]
Sep	-	6017.0	-99.0	-	-	-	[illegible]

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

Jun	5641.0	-29.0	[illegible]

FTSE 100 INDEX OPTION (LIFFE) (*5886) £10 per full index point

[illegible]

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt cap (£m)	1997/98 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	18.0	90	90	Quester VCT 2	90		12.4	-	3.3	-
-	F.P.	8.42	110	82½	†Safestore	83½	-4	-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Mar 25	% chg on day	Mar 24	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1056.82	-1.6	1073.73	1689.05	2.33	-	1689.20	861.23
Regional Indices								
Africa (14)	989.19	-3.3	1022.88	1983.05	5.56	18.43	1983.05	921.78
Australasia (7)	1345.60	+0.3	1341.89	1947.80	2.57	17.89	1952.18	933.63
North America (11)	1053.44	-1.4	1068.83	1578.66	1.16	-39.35	1607.37	864.85

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92 † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Mar 26	Day's chge%	Mar 25	Mar 24	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	5905.6	-1.0	5967.8	5983.7	4312.8	2.75	2.34	2.08	21.84	45.07	2569.71
FTSE 250	5515.4	-0.5	5544.4	5523.3	4576.2	2.97	2.49	2.12	19.85	24.85	2348.62
FTSE 250 ex IT	5553.9	-0.5	5580.4	5582.5	4616.7	3.06	2.57	2.19	18.69	25.76	2371.56
FTSE 350	2840.9	-0.9	2868.0	2872.2	2128.1	2.79	2.37	2.09	21.43	20.01	2524.62
FTSE 350 ex IT	2844.8	-1.0	2872.1	2876.9	-	2.81	2.38	2.10	21.19	20.28	1296.72
FTSE 350 Higher Yield	2824.1	-1.0	2851.6	2855.6	2052.5	3.73	3.19	1.98	16.95	22.68	2139.39
FTSE 350 Lower Yield	2876.9	-0.9	2904.0	2908.3	2210.5	2.07	1.73	2.24	26.97	17.61	2081.85
FTSE SmallCap	2630.70	+0.2	2626.15	2613.81	2313.72	2.87	2.32	1.52	28.70	9.29	2271.23
FTSE SmallCap ex IT	2625.24	+0.3	2617.22	2607.06	2323.30	3.07	2.48	1.57	25.88	8.93	2288.13
FTSE All-Share	2771.33	-0.9	2795.85	2798.85	2099.70	2.80	2.37	2.05	21.78	18.90	2499.05
FTSE All-Share ex IT	2777.48	-0.9	2802.26	2806.04	-	2.82	2.39	2.07	21.40	19.23	1288.55

FTSE Actuaries Industry Sectors

	Mar 26	Day's chge%	Mar 25	Mar 24	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 RESOURCES(22)	4696.77	-0.6	4723.47	4793.76	4123.74	3.23	2.80	1.83	21.20	27.12	2139.33
12 Extractive Industries(5)	3128.00	-0.6	3145.42	3141.02	4078.63	4.37	4.03	2.08	13.73	72.61	986.00
15 Oil, Integrated(4)	5236.99	-0.5	5264.69	5355.25	4239.12	3.22	2.76	1.78	21.88	17.89	2449.17
16 Oil Exploration & Prod(13)	3315.01	-1.0	3348.32	3392.01	3621.39	1.73	1.43	1.93	37.36	21.16	2052.54
20 GEN INDUSTRIALS(222)	2232.98	-0.6	2247.35	2242.43	2008.17	3.35	2.91	2.27	16.48	14.61	1302.87
21 Construction(38)	1650.59	-0.5	1658.30	1656.11	1349.07	2.92	2.37	2.50	17.14	5.87	1460.15
22 Building Matls & Merchs(27)	1911.09	-0.5	1919.83	1905.09	1660.32	3.97	3.32	2.59	12.13	1.47	1025.04
23 Chemicals(24)	2822.78	-0.5	2835.55	2831.52	2278.33	3.32	3.10	1.83	20.59	24.81	1437.02
24 Diversified Industrials(11)	1456.63	-1.7	1482.54	1472.48	1525.76	3.88	3.62	2.23	14.49	16.50	892.64
[illegible]											

FTSE Actuaries Share Indices: Hourly movements

[illegible]

TRADING VOLUME

Major Stocks yesterday.

	Vol 000's	Closing price	Day's change
3i	274	588	+7
AMVESCAP	3,600	652	-8
ASDA Group	13,150	192	-7½
Abbey National	1,600	1188	+9
Alliance & Leicester	1,309	875½	-15½
Allied Domecq	2,100	591	-4½
Assoc. Brit. Foods	462	617	-16
BAA	1,400	566½	-½
[illegible]			

FTSE INTERNATIONAL

FINANCIAL TIMES FRIDAY MARCH 27 1998 ★

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 26 / Sch)

BELGIUM/LUXEMBOURG (Mar 26 / Frs.)

CZECH REP (Mar 26 / Koruna)

DENMARK (Mar 26 / Kr)

FINLAND (Mar 26 / Mks)

FRANCE (Mar 26 / Frs.)

GERMANY (Mar 26 / Dm.)

GREECE (Mar 26 / Drachma)

ITALY (Mar 26 / Lira)

NETHERLANDS (Mar 26 / Fls.)

NORWAY (Mar 26 / Kroner)

POLAND (Mar 26 / Zloty)

PORTUGAL (Mar 26 / Escudo)

SPAIN (Mar 26 / Pts.)

SWEDEN (Mar 26 / Kronor)

SWITZERLAND (Mar 26 / Frs.)

TURKEY (Mar 26 / Tk Lira)

PACIFIC

JAPAN (Mar 26 / Yen)

AUSTRALIA (Mar 26 / Aus$)

HONG KONG (Mar 26 / H.K.$)

INDONESIA (Mar 26 / Rupiah)

MALAYSIA (Mar 26 / MYR)

NEW ZEALAND (Mar 26 / NZ $)

SINGAPORE (Mar 26 / S$)

SOUTH KOREA (Mar 26 / Won)

TAIWAN (Mar 26 / TW $)

THAILAND (Mar 26 / Baht)

AFRICA

SOUTH AFRICA (Mar 26 / Rand)

AMERICAS

CANADA

TORONTO (Mar 26 / Can $) 3:30 pm

MONTREAL (Mar 26 / Can $) 3:30 pm

MEXICO (Mar 26 / Peso) 12.30pm

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 25 1998 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 24 1998 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (73)	217.82	-0.4	192.66	177.52	206.84	218.08	-0.2	3.60	218.60	193.42	180.12	207.82	218.56	243.87	190.26	218.54
Austria (23)	219.00	1.7	193.71	178.48	207.97	207.81	1.6	1.57	215.26	190.46	177.37	204.74	204.58	219.00	175.14	184.87
Belgium (26)	316.38	1.2	279.84	257.84	300.44	294.03	1.1	2.40	312.57	276.57	257.56	297.30	290.76	316.38	227.73	231.46
Brazil (30)	280.19	-1.9	230.14	212.05	247.08	543.87	-1.8	1.59	265.25	234.69	218.56	252.29	553.96	322.44	184.94	238.74
Canada (120)	246.61	1.1	218.13	200.99	234.18	252.18	0.5	1.59	244.03	215.91	201.07	232.10	250.93	246.61	178.27	195.86
Denmark (34)	513.41	1.7	454.11	418.42	487.54	486.29	1.6	1.24	504.82	446.49	415.80	479.96	478.48	513.41	348.27	360.79
Finland (28)	374.80	2.1	331.51	305.45	355.92	436.01	2.0	2.07	366.91	324.64	302.33	348.98	427.36	378.27	243.25	255.01
France (79)	295.53	2.2	261.40	240.85	280.64	283.80	2.1	2.03	289.11	255.81	238.23	274.99	278.00	295.53	209.81	220.59
Germany (58)	271.70	1.6	239.79	220.94	257.44	257.44	1.4	1.26	266.91	236.17	219.93	253.87	253.87	271.10	193.39	200.37
Hong Kong, China (66)	382.52	1.1	320.65	295.45	344.26	360.56	1.1	4.42	358.58	317.27	295.47	341.06	356.67	580.03	282.93	466.89
Indonesia (27)	55.06	2.3	48.70	44.87	52.29	282.89	0.2	2.38	53.82	47.62	44.35	51.19	282.29	254.90	27.67	231.35
Ireland (16)	525.09	1.5	464.45	427.94	498.64	537.23	1.2	1.85	517.27	457.68	426.22	491.99	530.90	525.09	322.44	326.18
Italy (54)	161.65	1.5	142.98	131.74	153.51	217.38	1.4	1.12	159.32	140.96	131.28	151.53	214.37	161.65	84.48	84.77
Japan (480)	99.56	0.8	88.06	81.14	94.54	81.14	-0.3	0.98	98.76	87.38	81.38	93.93	81.38	141.12	88.52	114.97
Malaysia (107)	225.83	2.6	199.75	184.05	214.45	312.24	0.8	2.20	220.03	194.68	181.30	209.28	309.64	624.32	113.56	621.35
Mexico (29)	1654.89	0.1	1463.76	1348.70	1571.52	15426.67	0.0	1.47	1653.28	1462.83	1362.29	1572.49	15430.70	1901.98	1328.20	1371.39
Netherlands (19)	484.29	0.6	428.36	394.68	459.89	455.04	0.5	2.01	481.55	426.08	396.79	458.01	453.00	484.29	330.32	342.14
New Zealand (14)	78.58	1.4	67.72	62.40	72.71	72.19	1.4	4.52	75.51	66.81	62.22	71.82	71.19	98.47	71.49	84.20
Norway (38)	333.71	0.6	295.17	271.97	316.90	342.49	0.5	1.83	331.72	293.51	273.34	315.51	340.80	374.84	281.62	308.99
Philippines (22)	106.98	0.0	94.62	87.18	101.59	197.52	-0.2	1.04	106.95	94.63	88.13	101.73	198.01	196.90	57.54	194.81
Singapore (42)	241.78	1.5	213.85	197.04	229.60	178.16	0.8	1.75	238.10	210.67	196.19	226.46	176.65	402.07	144.01	394.47
South Africa (43)	296.54	1.4	262.29	241.68	281.60	322.23	1.3	2.73	292.45	258.76	240.98	278.16	318.04	385.52	227.88	361.32
Spain (32)	380.44	2.2	336.50	310.05	361.27	446.61	2.1	1.81	372.20	329.32	306.69	354.01	437.52	380.44	210.35	213.11
Sweden (49)	571.99	1.3	505.93	466.16	543.18	670.47	1.1	1.74	564.78	499.72	465.38	537.18	663.80	571.99	405.00	430.93
Switzerland (31)	397.03	0.7	351.17	323.57	377.03	367.49	0.8	1.05	394.34	348.91	324.93	375.06	364.58	397.03	252.39	252.39
Thailand (39)	31.84	-1.8	27.98	25.78	30.04	47.09	-2.9	6.41	32.21	28.50	26.54	30.64	48.51	84.87	13.10	80.85
United Kingdom (209)	391.25	-0.2	346.08	318.87	371.55	346.08	-0.2	2.83	391.93	346.78	322.95	372.78	346.78	391.93	275.44	276.52
USA (638)	450.05	-0.3	398.07	366.78	427.37	450.05	-0.3	1.41	451.29	399.30	371.86	429.24	451.29	451.29	299.79	320.38
Americas (817)	408.36	-0.2	361.20	332.80	387.79	344.69	-0.3	1.42	409.30	362.15	337.26	389.30	345.58	409.30	274.59	293.42
Europe (696)	349.41	0.9	309.06	284.76	331.81	332.47	0.8	2.01	346.44	306.53	285.46	329.51	329.88	349.41	238.44	242.23
Nordic (149)	497.77	1.4	440.28	405.67	472.69	512.29	1.3	1.72	490.74	434.21	404.37	466.76	505.87	497.77	355.77	372.57
Pacific Basin (870)	111.47	0.8	98.60	90.85	105.85	91.67	-0.1	1.62	110.59	97.85	91.13	105.19	91.78	158.99	95.32	136.03
Euro-Pacific (1566)	210.67	0.8	186.34	171.69	200.05	182.28	0.5	1.89	208.92	184.85	172.14	198.71	181.36	210.67	172.09	179.70
North America (758)	437.18	-0.2	386.69	356.29	415.16	436.76	-0.2	1.42	438.12	387.85	361.01	416.71	437.82	438.12	292.34	312.83
Europe Ex. UK (487)	318.12	1.4	281.38	259.26	302.09	315.74	1.3	1.57	313.65	277.52	258.44	298.32	311.60	318.12	213.38	218.24
Pacific Ex. Japan (390)	216.04	0.8	191.09	176.07	205.15	212.89	0.5	3.65	214.43	189.73	176.89	203.85	211.78	318.98	161.31	303.00
World Ex. US (1788)	214.63	0.8	189.84	174.92	203.81	189.57	0.5	1.88	212.89	188.36	175.42	202.48	188.65	214.63	175.30	183.51
World Ex. UK (2217)	280.85	0.3	248.50	228.97	268.80	256.59	0.1	1.49	280.09	247.82	230.79	266.40	256.24	280.95	211.16	222.40
World Ex. Japan (1946)	385.26	0.2	340.77	313.98	365.85	378.96	0.1	1.72	384.52	340.29	316.84	365.73	378.42	385.26	271.90	284.30
The World Index (2426)	290.27	0.3	256.75	236.56	275.65	264.67	0.1	1.64	288.53	256.17	238.57	275.38	284.42	290.27	216.61	227.04

 CONSTITUENT CHANGE 25/3/98: Name change: Morgan Stanley Dean Witter Discovery to Morgan Stanley Dean Witter & Co. (USA). CONSTITUENT CHANGES WITH EFFECT 30/3/98: Additions: Marriott International (Comcom) & (Class 'A') (Medium-Small Cap) (USA). Deletion: Marriott International (USA).

Emerging markets: IFC Investable indices

3:30 pm March 26

NEW YORK STOCK EXCHANGE PRICES

- A -

1997/98 High	Low	Stock	Div	Yld %	P/E	Vol 100s	High	Low	Close Quote	Chng Prev Close
32 7/16	16¾	AAR	0.32	1.2	31	595	27 1/16	26 13/16	27	-1/16
56 13/16	33⅝	AMP	1.08	2.5	30	2224	43⅛	42½	42 13/16	-7/16
147 1/16	73¾	AMR			10	5552	139¾	136¼	138¾	-1⅛
23⅞	19	ASA	0.80	3.6	14	1334	22 5/16	20⅝	22 1/16	+1 3/16
78⅞	49¾	AbbtL	1.20	1.6	27	14444	75¾	74⅝	75 5/16	+1⅛
20½	11½	AbitibiCn x	0.40	2.5	8	1287	15¾	15⅜	15⅝	+¼
37	17⅞	ABM Ind	0.48	1.5	24	224	31¼	30⅞	31 1/16	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- X - Y - Z -

1997/98 High	Low	Stock	Div	Yld %	P/E	Vol 100s	High	Low	Close Quote	Chng Prev Close
101 13/16	51½	Xerox x	1.44	1.4	23	14135	u102 7/16	99⅝	102 7/16	+1 7/16
66 1/16	40½	Xtra Corp	0.88	1.4	20	88	63 1/16	62⅞	63¼	-⅛
27 1/16	20⅞	Yankee Egy x	1.34	5.4	15	59	24⅞	24⅝	24⅞	+⅛
56	34⅝	York Int x	0.48	1.1	41	494	45⅝	45⅛	45 7/16	-⅛
13⅞	4	Zapata	0.28	2.1	33	953	13½	13 1/16	13⅜	-⅛
13½	5⅛	ZenithE				474	6⅞	6¼	6 13/16	+⅛
28⅞	24½	Zenith Nat	1.00	3.5	18	282	28 13/16	28½	28 13/16	+⅛
8 1/16	7⅛	Zenix Inc x	0.73	9.6		289	7 9/16	7⅜	7 9/16	+⅛
32 1/16	17¾	Zero	0.12	0.4	17	143	29 1/16	28⅞	29	-⅛
14	10½	ZweigFd	1.32	9.8		222	13 13/16	13⅝	13¾	
8¾	8	Zweig Tot x	0.84	8.8		1108	9⅝	9 7/16	9 9/16	-1/16

Price data supplied by Extel, part of FT Information.

Yearly highs and lows for NYSE reflect the period from Jan 1 1997. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.
d-new yearly low. P/E price-earnings ratio. s/s-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
Dealings suspended.

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GLOBAL EQUITY MARKETS

US INDICES

Dow Jones	Mar 25	Mar 24	Mar 23	1997/98 High	1997/98 Low	Since compilation High	Since compilation Low
Industrials	8872.80	8904.44	8816.25	8906.43 (20/3/98)	6391.69 (11/4/97)	8906.43 (20/3/98)	41.22 (8/7/32)
Home Bonds	105.21	105.30	105.20	105.48 (15/1/98)	101.09 (14/4/97)	105.48 (15/1/98)	54.99 (1/10/81)
Transport	3517.52	3530.88	3508.94	3636.81 (17/3/98)	2222.07 (2/1/97)	3636.81 (17/3/98)	13.23 (8/7/32)
Utilities	287.00	287.80	287.40	287.80 (24/3/98)	208.47 (25/4/97)	287.89 (24/3/98)	10.53 (8/7/32)

DJ Ind. Day's high 8897.11 (8962.49) Low 8780.88 (8815.01) (Theoretical♦)
Day's high 8858.24 (8920.38) Low 8800.06 (8817.50) (Actual♦)

Standard and Poors	Mar 25	Mar 24	Mar 23	1997/98 High	1997/98 Low	Since compilation High	Since compilation Low
Composite‡	1101.93	1105.65	1095.55	1105.65 (24/3/98)	737.01 (2/1/97)	1105.65 (24/3/98)	4.40 (1/6/32)
Industrials♥	1280.43	1283.16	1271.71	1283.16 (24/3/98)	865.42 (11/4/97)	1283.16 (24/3/98)	3.52 (30/6/32)
Financial♥	133.86	135.13	133.54	135.52 (20/3/98)	80.75 (2/1/97)	135.52 (20/3/98)	7.13 (4/9/74)
Others							
NYSE Comp.	572.76	574.96	570.54	574.96 (24/3/98)	389.47 (11/4/97)	574.96 (24/3/98)	4.64 (25/4/42)
Amex Comp	736.89	738.69	735.27	738.69 (24/3/98)	541.20 (28/4/97)	738.69 (24/3/98)	524.20 (16/7/98)
NASDAQ Cmp	1824.51	1812.44	1792.51	1824.51 (25/3/98)	1201.00 (2/4/97)	1824.51 (25/3/98)	54.87 (3/10/74)
Russell 2000	477.14	476.26	473.96	477.14 (25/3/98)	335.85 (25/4/97)	477.14 (25/3/98)	123.38 (7/12/93)

■ RATIOS

	Mar 20	Mar 13	Mar 6	Year ago
Dow Jones Ind. Div. Yield	1.57	1.63	1.63	1.89

	Mar 25	Mar 18	Mar 11	Year ago
S & P Ind. Div. yield	1.32	1.35	1.36	1.77
S & P Ind. P/E ratio	30.37	29.80	29.26	22.54

US DATA

■ TRADING ACTIVITY

● Volume (million)

	Mar 26	Mar 25	Mar 24
NYSE		676.550	614.250
Amex		38.675	25.517
NASDAQ		895.475	810.897

NYSE	Mar 26	Mar 25	Mar 24
Issues Traded		3,487	3,492
Rises		1,369	1,765
Falls		1,531	1,193
Unchanged		587	534
New Highs		330	310
New Lows		12	21

■ NYSE TRADING ACTIVITY

Volume : 676,550,000

■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Compaq	14,314,100	28¼	+⅞
MicronTech	7,217,900	29⅞	+⅛
Lilly	6,198,300	61	−1⅛
IBM	5,821,700	108⅛	+2⅛
AT&T	4,704,600	63⅛	+⅛
Pfizer	4,419,400	94⅝	−⅛
PhMorr	4,288,100	43⅝	
ChChCo	4,277,200	99⅛	−⅛
Mattel	4,141,700	40⅝	−2⅛
Boeing	3,536,200	52⅞	+⅛

■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
Lyondell P	33⅞	+3⅜	+11.1
Transact R	17⅜	+1⅝	+10.1
Kollmorgen	22⅜	+1⅞	+8.7
ICN Pharm	48⅝	+3⅞	+8.6
Downs			
Baker Fent	19⅛	−2⅛	−10.0
Harland	16⅛	−1⅛	−7.8
Whitehall	22	−1⅝	−6.4
Mattel	40⅝	−2⅛	−5.8

■ NASDAQ TRADING ACTIVITY

Volume :895,475,000

■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Micsft	31,032,800	88⅞	+3⅜
3Com	21,163,600	35½	−1⅛
DellCmp	19,943,000	67⅞	+2⅛
Intel	18,622,800	78⅜	+1⅞
AscendCom	16,048,500	36⅛	+1⅞
Oracle	13,908,200	30⅝	+⅛
AppMat	13,224,000	35⅛	+1⅛
WrldCm	12,018,100	43⅞	−½
CiscoSys	11,205,000	69⅛	+1⅛
TCI GpA	7,369,000	32⅝	−⅛

■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
IonTelcADR	32⅜	+4	+13.9
SteinMt	35½	+3⅛	+8.3
Calgene	11⅛	+⅞	+8.4
Vlink	10⅝	+⅞	+8.2
Downs			
GAD	14⅛	−2⅞	−15.9
TelTch	12⅝	−1⅞	−12.6
Tel-Sve	24	−2⅞	−11.0
HrtsteB	23⅛	−2⅜	−10.5

Dow Jones

FTSE Eurotop 300

JAPAN

FRANCE

GERMANY

UK

INDEX FUTURES

■ S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	1113.80	1109.50	−4.20	1117.60	1108.80	113,300	354,951
Sep	−	1125.40	−	−	1115.50	391	7,098

■ Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	17000.0	16870.0	+410.0	17120.0	16870.0	28,093	190,437
Sep	16600.00	16800.0	−	16610.0	16610.0	−	13,185

Open interest figures for previous day

■ CAC-40 (200 x index)

■ DAX

■ OMX

■ SOFFEX

WORLD MARKETS AT A GLANCE

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Argentina	General	23289.33	23166.55	23460.96	25771.70 22/10/97	18237.40 2/1/97	2.83	19.8
Australia	All Ordinaries	2781.1	2781.6	2792.0	2792.00 24/3/98	2269.20 28/10/97	3.24	19.4
	All Mining	627.0	626.3	626.0	987.10 24/2/97	641.10 27/11/97		

Drifted lower with bonds after comments from reserve bank governor further dampened hopes of interest rate cut.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Austria	Credit Aktien	(u)	(u)	526.85	526.85 24/3/98	374.40 9/1/97	1.7	15
	ATX Index	1479.44	1489.36	1466.81	1489.36 25/3/98	1130.22 9/1/97		

Market rallied to intra-day record high before buckling under profit-taking to close lower on the day.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Belgium	BEL20	2991.94	3041.59	3010.36	3041.59 25/3/98	1871.05 2/1/97	1.89	19.2

Shares turned lower after five-session record-breaking rally. Societe Generale de Belgique lost 4.8 per cent.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Brazil	Bovespa	11809.0	11756.0	11905.0	13617.90 8/7/97	6955.50 2/1/97	na	na

Reversed two consecutive downside sessions with modest gains in early trading.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Canada	TSE 100♦	461.48	462.57	460.32	462.57 25/3/98	342.12 11/4/97	1.51	22.4
	Metals Minls♦	4153.94	4170.41	4191.79	5881.75 10/3/97	3442.35 12/1/98		
	Composite♦	7574.70	7579.20	7551.20	7579.20 25/3/98	5579.30 14/4/97		
	Portfolio§§	3849.50	3854.85	3840.95	3854.85 25/3/98	2846.02 11/4/97		

Pressured by profit-taking among telecoms stocks, weak banking sector and the dull start on Wall Street.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Chile	IGPA Gen♥	4797.47	4810.15	4820.47	5888.71 4/7/97	4243.47 27/1/98	2.62	15.9
China	Shanghai B	54.38	55.16	55.07	98.21 20/3/98	40.89 12/1/98	0.88	43.6
	Shenzhen B	94.74	95.06	95.21	184.20 6/5/97	77.98 12/1/98		

Lack of positive factors left Shanghai B shares slipping on increased domestic selling.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Colombia	IBB	(u)	1152.98	1144.57	1533.72 16/10/97	844.41 2/1/97	na	na
Czech Republic	PX 50	509.7	515.8	515.9	629.09 25/2/97	452.40 4/2/98	na	na

Profit-taking pulled prices lower in correction after last week's record highs.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Denmark	CopenhagenSE	761.42	763.77	754.01	763.77 25/3/98	476.14 2/1/97	1.2	23.6

Shares lower in line with neighbouring markets after five-session record spree.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Egypt	Cairo SE Gen	387.22	386.66	387.28	− −	− −	na	na

Market resumed advance in heavy trade, with strong demand seen for Commercial International Bank.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Finland	HEX General	4347.26	4377.16	4306.66	4378.14 19/3/98	2483.28 2/1/97	2.2	15.8

Investors largely sidelined and analysts said half of fall in Hex index due to companies trading ex-dividend.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
France	SBF 250	2431.45	2451.31	2405.19	2451.31 25/3/98	1533.19 2/1/97	2.1	21.0
	CAC 40	3783.78	3818.71	3738.54	3818.71 25/3/98	2258.97 2/1/97		

Market lower although overseas buying kicked in at afternoon's lower levels.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Germany	FAZ Aktien	1634.74	1646.34	1618.79	1646.34 25/3/98	986.21 2/1/97	1.3	22.4
	Commerzbank	4817.50	4859.10	4791.10	4859.10 25/3/98	2875.90 2/1/97		
	DAX‡	5039.76	5096.62	5028.24	5096.62 25/3/98	2848.77 2/1/97		

Volkswagen one of the day's biggest losers on second day of company's rights issue.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Greece	Athens SE	1992.81	(c)	1922.86	1992.81 26/3/98	954.54 2/1/97	2.2	20.1
	FTSE/ASE 20	1177.71	(c)	1134.98	1177.71 26/3/98	755.18 29/1/98		

Investors returned after Wednesday's holiday and drove market up to fresh all-time high.

Country	Index	Mar 26	Mar 25	Mar 24	1997/98 High	1997/98 Low	Yield	P/E
Hong Kong	Hang Seng	11757.88	11810.53	11645.43	16673.30 7/8/97	8121.86 12/1/98	3.5	11.2
	HSCC Red Chip	1726.11	1728.37	1704.17	4110.55 27/8/97	984.50 12/1/98		

Hutchison and Cheung Kong led the market lower ahead of lower than expected results, released after hours.

THE NASDAQ STOCK MARKET

THE NASDAQ STOCK MARKET

AMEX PRICES

EASDAQ

STOCK MARKETS

Record-setters take a breather at last

WORLD OVERVIEW

Early weakness on Wall Street provided European markets with all the confirmation they needed that the time was right for a pull-back from the peaks, *writes Michael Morgan.*

The lower overnight trend among US stocks gave an early indication that profit-taking was in order after the markets' record-setting runs. Some downbeat corporate news only added to the increasingly fragile mood.

A profits warning from Polygram and a boardroom rift at Fortis Netherland added to Amsterdam's woes, while 1997 results from Nestlé at the lower end of broker forecasts failed to set Zurich alight.

Frankfurt, meanwhile, spent the entire day in negative territory although much of the day's corporate news was in line with market expectations.

Only Athens managed a convincing advance as it returned to work with some catching up to do after Wednesday's independence day holiday. The general index climbed 3.6 per cent, easily surpassing the previous record set on Monday.

All was not gloom and doom in Europe. An optimistic note from Deutsche Morgan Grenfell stressed Germany's equity market was not overvalued on fundamentals at current levels.

If the Asian crisis continued to recede, the investment bank saw the Dax with upside potential above 5,000 in the next two to three months. This level is seen as being at least maintained on a 12-month horizon.

DMG said German equities, up more than 15 per cent since the beginning of the year, had moved higher as the Asian crisis had calmed, with liquidity and a lack of investment alternatives proving the driving forces, rather than fundamentally new information.

DMG added that fourth-quarter earnings and the outlook for industrial companies were very positive, but banks would have to make high levels of provisioning for their exposure to Asia.

Tokyo picked up 1.9 per cent as investors digested the contents of the government's much larger than expected Y16,000bn economic stimulus package. Today, investors will be bracing themselves for a cash injection of nearly Y1,000bn into the stock market next Monday and Tuesday after reports that the government planned to funnel part of the country's pool of postal savings and postal insurance premiums into equities.

Jakarta provided an even brighter spot on the Pacific Rim with its 5.7 per cent recovery as a cut in state bank deposit rates helped to underscore the view that bad-debt problems might be edging towards a resolution.

Bears catch up bullish tech sector

AMERICAS

Broad weakness spread through US equities as the market turned lower in fairly quiet trading, *writes John Labate in New York.*

The market's four leading indices each moved lower and by early afternoon the Dow Jones Industrial Average had lost 36.87 or 0.42 per cent to 8,835.93. The broader Standard & Poor's 500 index was off 2.98 at 1,098.94.

Tech stocks bucked the broad trend on Wednesday, moving up in spite of dull overall performances. But bearish sentiment finally caught up with the sector, sending the Nasdaq composite index down 4.83 to 1,819.68. The Russell 2000 index of small cap shares lost 1.11 to 476.03.

Trading continued to have a mixed tone after the recent series of steady gains. The US Treasury market was uneventful in morning trade on a slight downward revision made to GDP estimates. By early afternoon the benchmark 30-year bond was up ⅛ to 102⅞, edging the yield down to 5.931 per cent.

Among Dow components, Allied Signal lost $1⅜ to $42 while Hewlett-Packard shed $1⅛ to $63⅛.

A downgrading by Paine-Webber sent shares of USX down $¾ to $39¼.

But in other sectors some stocks managed to move strongly higher. Echlin, the automobile parts maker, surged more than 6 per cent or $3⅛ to $52¾ on expectations that a counterbidder would enter the fray and challenge the hostile SPX bid.

Federal Express gained $2¾ to $67¼ after the release of the company's third-quarter financials.

McDonald's climbed $1¼ to $54¼ after the company announced a series of new business plans.

Long-expected proposals were unveiled concerning Intel's new chief executive, which helped send shares $1⅛ higher to $77¼. Several internet stocks moved lower. Amazon.com fell $1¼ to $80⅛ and Lycos $¾ to $41⅞.

TORONTO turned lower, pressured by profit-taking among telecoms stocks, a weak banking sector and the dull start on Wall Street. The 300 composite index was off 7.12 at 7,572.10 at noon.

Telecoms moved lower following a frantic round of buying in the preceding session after Telus of Alberta confirmed it was in "talks" with AT&T Canada Long Distance.

Telus shed 70 cents to C$42.60 and BCE 80 cents to C$58.60. BC Telecom came off 35 cents to C$545.65.

Banks opened on a dull note. Royal Bank of Canada lost 55 cents to C$85.10 and Bank of Montreal 25 cents to C$78.05. Toronto Dominion gave up 40 cents to C$62.70.

São Paulo turns back up

SAO PAULO reversed two consecutive downside sessions with modest gains in early trading.

Wall Street opened in dull mood and there had been widespread profit-taking across Europe, but sentiment was said to have gained from an official denial of rumours on the health of communications minister Sergio Motta.

Telebrás rose 0.7 per cent to R$149.10 and Eletrobrás 0.9 per cent to R$57.00. At midsession, the Bovespa index was up 54 at 11,810.

MEXICO CITY took its cue from the trend in the US and moved lower. Volume was said to be light. Telmex came off 25 centavos to 24.20 pesos. The IPC index was 29.76 lower at 4,967.38 at midsession.

Financials lift Johannesburg

SOUTH AFRICA

Johannesburg surged to a five-month peak, with the all-share index ending 35.4 higher at 7,349.6 after another rousing session for financials.

Liberty Life managed a jump of R5 to R178, which helped to lift the financials index by 199.2 or 1.5 per cent to 13,778.6.

In contrast, the industrial and gold sectors were little changed. The former added 4.2 at 8,628.6, while golds put on 1.1 at 719.7.

Futures weigh on Frankfurt

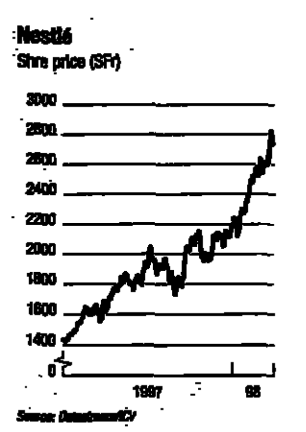
EUROPE

Heavy downside pressure from the futures market sent FRANKFURT steeply lower. At one stage the Dax contract was selling at a clear discount to the cash market irrespective of fair value calculations.

By the electronic close, the Xetra Dax was off 85.13 or 1.7 per cent at 5,029.00, having dipped below 5,000 earlier in the session. "The dollar was weaker, but the main problem was future-driven consolidation," said one dealer.

Financials showed clear weakness. Dresdner Bank shed DM2.50 to DM88.50 after a downbeat assessment of trading prospects and Deutsche Bank came off DM1.90 to DM137.9.

Among cyclicals, Hoechst fell 89 pfg to DM70.80 after Merrill Lynch cuts its earnings estimates, and BASF came off DM1.10 to DM74.40 following a forecast of slower sales growth this year from the company.



Car stocks also came under pressure from the profit-takers. Volkswagen, which announced late on Wednesday that a formal bid had been made for Rolls-Royce Motor, lost DM50 at DM1,346. Daimler Benz lost DM3.75 at DM170.35.

PARIS rattled lower as investors pocketed some of the near 4 per cent gains built up over the previous two sessions, but closed well above the day's low. The CAC 40 index ended 34.93 lower at 3,783.78.

Axa UAP and Lafarge were among the weaker features, sliding FFr20 to FFr624 and FFr16 and FFr533 respectively. Peugeot, up 10 per cent on Wednesday on earnings optimism, fell FFr34 to FFr1,036.

Renault stood firm against the broad downtrend and so did Rhône Poulenc following reiterated buy advice from Goldman Sachs. The shares gained FFr5.50 to FFr300. Renault added FFr2.50 to FFr258.5.

FTSE Actuaries Share Indices — European series

March 26

National & Regional Markets	Ecu index	Day's %	change points	Yield gross %	xd adj yld	Total rets (Ecu)
FTSE Eurotop 300	1207.13	−0.88	−10.82	1.91	4.61	1221.42
FTSE Eurotop 100	2779.59	−1.02	−28.51	-	-	-
FTSE Eurotop 300 Regions						
300 UK	1165.26	−0.82	−9.77	2.80	10.42	1216.28
300 Ex-UK	1220.25	−0.93	−11.42	1.44	1.30	1224.76
300 Eurobloc	1197.71	−1.21	−14.65	1.62	1.90	1204.30
300 Ex-Eurobloc	1216.76	−0.66	−8.10	2.12	6.57	1236.59
FTSE Eurotop 300 Economic Groups						
Resources	1032.80	−0.50	−5.22	2.65	3.62	1051.35
General Industries	1135.54	−1.29	−14.85	1.77	3.88	1142.41
Consumer Goods	1158.97	−0.90	−10.55	1.57	4.27	1173.80
Services	1160.78	−0.67	−7.86	1.89	4.07	1174.18
Utilities	1324.58	−0.90	−12.03	3.33	1.84	1342.63
Financials	1346.10	−0.86	−11.67	1.82	6.93	1361.22

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A press report quoting chairman Michel Pebereau as saying links with Société Générale or any other bank had not been ruled out lifted BNP FFr12.90 to FFr479.90.

Galeries Lafayette advanced FFr230 to FFr4,130 on news of a 25 per cent share buyback at 50 per cent owned Bazar de l'Hotel de Ville.

ZURICH was marked down as Nestlé's 1997 results failed to spring any big surprises. The SMI index turned back from Wednesday's record high and closed 56.2 lower at 7,415.9.

Nestlé recovered from a low of SFr2,730 to close SFr37 weaker on the day at SFr2,788 as news that 1997 profits, up 17.8 per cent, proved to be in line with expectations.

Heavily traded Roche certificates edged SFr45 higher to SFr16,045 after Wednesday's SFr460 plunge. Its rival Novartis lost SFr27 to SFr2,673.

ABB was another outperformer with a rise of SFr22 to SFr2,245.

Among the second-liners, Fotolabo which said that it intended to sell its photo-booth business, rose SFr46 to SFr483.

Arbonia Foster was able to continue its recent rally with a gain of SFr30 to SFr965.

Kuoni jumped SFr195 to SFr7,795, helped by several recommendations after the travel company's positive results for 1997.

AMSTERDAM suffered broad profit-taking plus two vicious direct hits in the shape of management changes at Fortis and a profits warning from PolyGram. The AEX index ended off 12.13 at 1,129.12.

PolyGram crashed 11 per cent to Fl 94.50 at the opening bell after the company, the entertainments arm of Philips, warned that first-quarter results were under severe pressure.

The shares later rallied, but still closed off Fl 7.30 or 6.8 per cent at Fl 99.50.

Fortis turned in solid enough results with the 1997 figures well up with brokers' estimates, but the unexpected news that a top executive was to step down over a "professional difference" sent the shares down Fl 7 or 5.4 per cent to Fl 123.50.

Unilever lost Fl 3.20 to Fl 138.60 and ABN Amro Fl 0.70 to Fl 48.60 in 9.1m shares traded.

MILAN suffered profit-taking as caution weighed on share prices, but a later bout of buying pushed shares marginally higher and the market closed at a fresh record. The Mibtel index rose 96, or 0.4 per cent, to 34,576.

Olivetti rose L195 or 7.8 per cent to L2,687 as expectations heightened over better-than-expected results at its cellular phone unit Omnitel.

The post trading announcement revealed that it narrowed its losses.

MADRID lost 1.1 per cent on profit-taking, although traders said underlying sentiment remained positive. The general index fell 9.87 to 880.7. Telefónica, the benchmark stock, fell Pta180, or 2.6 per cent, to Pta6,880.

Gainers of the day included Telepizza, the pizza delivery company, which gained Pta3,010 or 15 per cent to Pta231,000 on a strong profit forecast.

STOCKHOLM retreated, led down by forestries. The general index fell 43.35 or 1.2 per cent to 3,478.4 as overseas investors took profits.

Forestry shares were the biggest losers of the day, with the sector falling 2.3 per cent. Blue chips were also lower with Ericsson down SKr7.5 to SKr373.5 and Astra losing SKr3 to SKr168.5.

HELSINKI edged down on profit-taking, dragged down by Nokia. The Hex index fell 29.89, or 0.7 per cent.

Half of the day's turnover consisted of trading in Nokia, which closed down FM5.5 at FM598 after a volatile day. Sampo, the insurance company, which has gained ground over the past few days, rose FM1 to FM220.

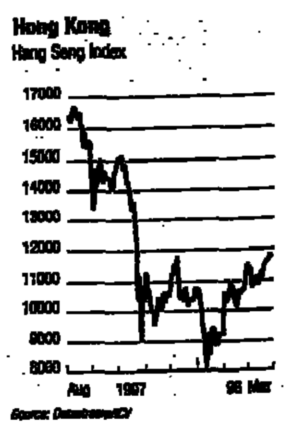
Written and edited by Michael Morgan, Jeffrey Brown, Emiko Terazono, Peter Hall and Paul Gregan

MARKET FOCUS

HK ready to regain heights

The Hong Kong stock market has been quietly regaining ground. After closing yesterday at 11,757.88 the Hang Seng index is now 45 per cent up on the year's low, struck on January 8, and the pre-crash level of 12,000 points is tantalisingly within reach.

This is in spite of an ostensibly bleak picture: economic growth is slowing, interest rates remain relatively high, the Asian financial crisis continues to undermine competitiveness and corporate earnings have been patchy.



In recent weeks, however, investors have been cheered by a number of more encouraging factors: signs of a softening in interest rates, glimmers of optimism that prices may be stabilising in the depressed property sector, and an easing of credit in China.

As a rate-sensitive stock market dominated by property and banking companies, Hong Kong equities began to plunge in October when speculative attacks on the Hong Kong dollar sparked a rise in interbank interest rates.

Such raids, launched in the wake of devaluations across the region, were staunchly fended off and interest rates remained high through the remainder of 1997 and into 1998. This in turn prompted a rise in prime lending rates, from 9.5 per cent to 10.25 per cent, which further depressed property prices.

This week has shown the strongest evidence so far that interest rates are easing. The benchmark three-month rate is just above 6 per cent, compared with double-digit figures last year. And expectations are strong that banks will today reflect their lower cost of funding with a reduction in lending rates.

The property sector took further heart from the results of Tuesday's government land auction, at which two plots of land fetched higher-than-expected prices and attracted relatively robust bidding.

Property prices have fallen an average of 25-30 per cent from their peak last year, and analysts say the results of the land auction suggest a turning point is on the near horizon.

The third piece of good news this week came from across the border, where bank lending rates were cut by an average 0.6 per cent. More importantly, some economists argue, was a cut in the reserves requirement, which could ease liquidity.

Share prices of China-related companies in Hong Kong rose sharply on Wednesday, the day after the interest rate cut was announced by the People's Bank of China.

Red chips, the China-backed Hong Kong companies that saw their share prices double and treble around the time China resumed sovereignity over the territory in July, surged on the news.

Even so, it will be a long time before the heady days of summer 1997 return. The Hang Seng index is still 30 per cent lower than the August peak of 16,820, and activity among red chips is still just a shadow of former frenetic days.

Louise Lucas

Tokyo tops 17,000 but falls back

ASIA PACIFIC

Shares in TOKYO pushed higher for the second day running, but failed to close above the psychologically important 17,000 level, *writes Gillian Tett in Tokyo.*

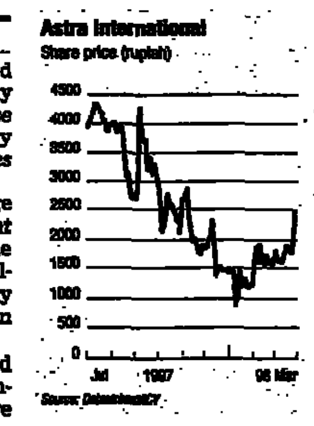
The Nikkei 225 Average gained 322.28 or 1.9 per cent to 16,980.62. During the morning the index had rallied sharply to an intra-day high of 17,111.59 from an opening low of 16,668.53.

This was partly triggered by news that the government's economic package would be bigger than expected.

However, there were also widespread reports that government funds from the postal savings system were being used to purchase shares.

In the afternoon, stocks were given another brief boost after more reports emerged that the ruling Liberal Democratic party had adopted a Y16,000bn stimulus package.

However, in the afternoon the market fell back again on a wave of profit-taking and growing market confusion about the contents of the package.



The Topix index of all first-section stocks closed at 1,261.59, up 2.01 per cent. In Osaka, the main index closed at 16,870.65, a gain of 303.16.

Total volume on the TSE first section was 401m, down from 490m on Wednesday. Advancing issues outpaced losers 779 to 351.

Brokers, construction companies, sea transport, retailers and railway and bus companies were the main gainers. Real estate and textiles were the main losers.

Large banks rebounded, with Industrial Bank of Japan rising Y58 to Y1,000, Sakura Y11 to Y492, Sumitomo Y60 to Y1,340 and Fuji Bank Y22 to Y887.

Yamaichi Securities was the most heavily traded stock, closing unchanged at Y2. Today the stock is due to be de-listed because the broker collapsed last November.

JAKARTA jumped 5.7 per cent as a cut in deposit rates by banks prompted a shift of funds into equities. The composite index rose 28.72 to 532.81 on active buying by foreign investors.

Heightened expectations that foreign banks would agree to roll over or write off debt to Indonesian companies boosted demand for companies with heavy borrowings from foreign institutions. Astra, the car maker, surged Rp575 or 30 per cent or Rp2,475.

BANGKOK continued to move sharply lower on worries that new capital adequacy rules for financial companies will spark a rash of funding moves. The SET index fell 9.40 to 470.67 for a three-day decline of almost 7 per cent.

Thai Farmers Bank improved Bt0.50 to Bt78.50 after the bank put a timetable on the pricing of its planned private placement which brokers guessed would raise around Bt26bn.

SEOUL lost 1.8 per cent as local investment trusts continued to dump shares, under pressure from worried investors redeeming securities because the trust were using the shares as collateral for loans.

The composite index, which fell briefly under the 500-point level to 498.43 in the morning session, finished 9.01 lower at 501.18.

Brokers said a news report that North Korea had declared martial law also depressed sentiment. However, the unification ministry said the report seemed to have mistaken a military exercise for a declaration of martial law.

Hanbo Steel rose Won165 to its daily limit high of Won1,580 on reports that the government might stage a round of open global bidding to sell off the failed steelmaker in April.

BOMBAY was another loser, down 1.43 per cent as speculators unwound long positions ahead of today's end of weekly account. The BSE-30 index lost 56.48 to 3,893.09.

RICHARD DONKIN

Global guidelines

Some of the biggest names in business have met to look at corporate governance

The UK has the Cadbury and Hampel codes. France has the Viénot report, and the Netherlands has the Peters code. Bosch, Cardon and Dey have had their say in Australia, Belgium and Canada, while companies in the US follow the example of General Motors. Like it or not, corporate governance has been bursting out all over.

It was only a matter of time, then, before someone had the idea of looking at it from an international perspective. It was with this in mind that some of the biggest names in business gathered in London last week for the first meeting of a new forum on corporate governance.

The meeting was unusual for several reasons, not least because of the credentials of those present. The grandly titled Global Corporate Governance Advisory Board has attracted luminaries such as Percy Barnevik, chairman of Investor AB, Cor Boonstra, president of Philips Electronics, Marc Viénot, chairman of Société Générale, Jürgen Schrempp, chairman of the board of management at Daimler-Benz, Yoh Kurosawa, chairman of the Industrial Bank of Japan, and Sir Adrian Cadbury, author of the Cadbury report on corporate governance.

Meetings of this sort are rare outside the annual Davos get-together in Switzerland, so it must say something about the growing influence of headhunters that it was organised by Egon Zehnder International and held at its London headquarters.

"There have been a number of committees and reports looking at this issue on a national scale," says Kenneth Taylor, the Chicago-based Egon Zehnder partner who suggested the group and brought it together. "We thought there was a need for the subject to be looked at on a global scale, so we brought together some of the most experienced people we could find who we knew were concerned passionately about the subject."

Egon Zehnder has been keen to expand in corporate governance since its acquisition in 1994 of Pro Ned, the business started by the Bank of England to promote the role of the non-executive director.

The new 18-member group, which will meet once a year in London, has been assembled from 15 countries. "I think the formal meetings will be very few but it has set up an interesting network," says Sir Adrian. "It's a chance to compare notes on how the responsibilities of directors are going to change in a more competitive world with more active investors."

One of the topics discussed last week was how to organise board meetings of global companies. How frequently should they be held, where, and in what language? Mr Barnevik's views on English as the language of business are well known, but it would be interesting to know how enthusiastically they are shared by the French.

But this group appears to be above such trifles. It does not seem concerned about executive pay. "I don't think we'll discuss directors' pay *per se*. That's not a burning issue with respect to corporate governance," says Mr Taylor.

Well it was, not so long ago. Wasn't there a big report from the Greenbury committee in the UK? Given the increasingly important role of remuneration committees in fixing the pay of executives in publicly quoted companies, it would be useful to know the views of an international group such as this on, for example, corporate pay differentials. Should there be a maximum between top and bottom in any company? And what about share options and bonuses? Should all employees qualify for such perks?

These are big issues facing company directors. I was interested in the perspective of one chief executive in a UK publicly quoted company I talked to last week. The company has been pursuing a single status policy. There are no share options or long-term incentive plans for executives.

Not only that, but the business is expanding in the US and recruiting executives to run the new operations. So far, he says, candidates have been understanding about the company policy. "It may be that we have to vary things in the US, but it doesn't seem to have put people off yet," he said. This is not the stuff that headhunters and pay specialists tell you. They tell you that the incentives packages are part of US corporate culture and, by implication, that if you want good Americans you will have to pay for them.

It may have been this sort of argument that persuaded EMI Music to recruit Jim Fifield on a package that delivered him £7m ($11.7m) as president in 1996, making him, at the time, far and away the highest paid executive of a FTSE 100 company.

This raises a second point on pay. Many of the executive performance incentives, as the chief executive pointed out, are affected by variables outside any individual's control. The state of the economy, the business cycle, investor speculation, the feelgood factor, consumer confidence and exchange rates strength can all have a bearing on a company's profitability.

Consumer confidence in Asian markets was blamed for the profits warning issued by EMI in January. It is on such whims that careers are made and broken. But, supposing Asian music lovers had been flocking to the shops, and profits were looking healthy as a result, would that make Mr Fifield a hero? It probably would have because that is how top executives are perceived these days. Now EMI is faced with negotiating a multi-million pound settlement to buy out his contract.

Where do non-executives stand on such pay arrangements? More importantly, what should their role be in merger discussions which, when they go wrong, can wipe billions of pounds off the value of shares? Sir Richard Sykes, chief executive of Glaxo Wellcome, and Jan Leshley, chief executive of SmithKline Beecham, were corporate heroes two months ago, before their merger plans failed. Are they still heroes today?

There is no doubt that Egon Zehnder has pulled off a coup in creating the new group and it rightly stresses the calibre of those involved. However, it should recognise that recent events have proved that business leaders are like the rest of us, and corporate governance has to recognise their frailties as well as their strengths.

A group such as this has the potential to do much good, but whatever it utters should not be held in reverence. If the board demonstrates that it is prepared to immerse itself in the nitty-gritty of management supervision on an international scale, it will have proved its worth.

Dan Meiland, chief executive officer of Egon Zehnder International, New York, expects reports from the group. "The last thing we want it to be is a rule-making body, but we do want to raise the consciousness of this issue," he says. "We know from research that good corporate governance and good corporate performance are linked."

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WORKING BRIEFS

Advice on choosing the right outdoor training exercise

If someone hands you a rope on an outdoor training exercise and asks you to abseil off an 80ft cliff, do you:
a) Grab the rope and go for it?
b) Feel your knees turning to jelly?
c) Tell the trainer where to stick his rope?

A new guide on outdoor training from the Institute of Personnel and Development suggests there is no shame in reacting like "b" and that if you opt for "c" that's OK too.

Outdoor training, says the report, can be stressful. "Course tutors and employers need to be aware that peer pressure from others taking part may sometimes mean that individuals feel obliged to do things they would rather not do," says Mike Cannell, author of the guide which gives employers an outline of the sort of questions they should ask when selecting a course.
The IPD guide costs £5.50, tel +44 1752 202 301

Graduate failings

London's small- and medium-sized businesses are unhappy with their graduate trainees, says a report commissioned by Focus Central London Training and Enterprise Council and Create consultancy.

It says graduates lack motivation, drive and communications skills. The biggest failings reported among the 950 businesses surveyed were in self-management and team-working. This is hardly surprising from products of an education system where children are graded constantly and where sharing information is viewed as "copying".

The report says graduates have problems adapting to the culture of smaller businesses where they must learn to look out for themselves.
Graduates in Growing Companies: The Rhetoric of Core Skills and the Reality of Globalisation, by Amin Rajan, Kirsty Chapple and Ian Battersby, £35, tel: +44 1892 526757.

IT job growth

The speed of growth in the UK information technology sector means it has just four years to attract 250,000 new employees, says Keith Telford, chief economist at International Business Machines in the UK.

Mr Telford says that about 10 per cent of all new jobs created since the last recession in the UK have been computer-related. By 2002, 1m people will work in the computer service industry – more, as IBM points out, than worked in Britain's coalmining industry at its postwar peak.

BANKING FINANCE & GENERAL APPOINTMENTS

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Financial Times

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The EIF, a financial institution of the European Union based in Luxembourg, and established in 1994 to provide loan guarantees and equity in support of small and medium-sized companies (SME) and large infrastructure projects of Trans-European Networks (TEN), wishes to recruit for its Headquarters in Luxembourg (m/f)

PROJECT ANALYSTS

Working in small teams, they will assist in identifying and analysing business opportunities while keeping abreast of developments in European Infrastructure, Transportation, Energy and Telecommunications project markets, and will help in the implementation of the EIF's mandate to facilitate the development of public-private partnerships through the growth of its guarantee business in support of Trans-European Networks.

Applicants, who will normally be in their late twenties or early thirties, must be nationals of an EU member country, have a University Degree (ideally complemented with post graduate studies), and at least 2 years experience in analytical tasks in a banking, commercial or industrial environment. They should be fluent in English and at least one other language of the European Union, and have strong analytical/presentation skills and computer literacy.

A good knowledge of project finance techniques and financial modelling tools would be an advantage.

The EIF offers an attractive remuneration package with terms and conditions comparable to other European Institutions. Applicants are invited to send their CV with a letter, quoting the reference, to
European Investment Fund - Human Resources (Ref. TEN-01/98), avenue J.F. Kennedy 43, L-2968 Luxembourg - fax: (352)42.66.88.202.

CORPORATE RECOVERY AND DISTRESSED ASSETS TRADING AND ANALYSIS

LEADING INVESTMENT BANK / CITY BASED

Our client is a global US investment bank, and inter alia a world-leader in trading non-investment grade instruments, with a very profitable business founded upon the highest quality research. The bank is committing substantial capital to its European operations.

THE OPPORTUNITY

- Become the senior analyst in a dynamic, London-based, world-class, high-profile trading and distribution team.
- Responsibility for analysing and following corporate situations to produce high-quality ideas for trading distressed, impaired or bankrupt European corporate credits and related assets.
- Contribution to trading revenues and quality of analysis wholly visible and appropriately rewarded.

QUALIFICATIONS

- Proven analytical skills applied to corporate valuations, credit assessment, insolvency, recovery or work out situations.
- Experience gained in insolvency practice within major accountancy firm, corporate finance, credit recovery or distressed asset trading.
- Ability to work in cerebral trading environment, effectively communicating concise, well supported analysis and participating in trading decisions.

SAINTY HIRD & PARTNERS — SHP ASSOCIATES

Please send a full cv and current salary details, quoting reference 980312, to SHP Associates, Aldermary House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8800. E-mail: shpa@shpa.co.uk

損害を被った貸付け金と困窮資産 情報源、販売及び取引 主要投資銀行

Our client is a global US investment bank, and inter alia a world-leader in trading non-investment grade instruments, with a very profitable business founded upon the highest quality research and distribution. The bank is committing substantial capital to its European operations.

THE OPPORTUNITY

- Become the principal buyer of impaired loans and distressed assets from Japanese banks and investors.
- Join a London-based, dynamic, world-class and high-profile trading and distribution team.
- Success in identifying and buying attractive assets and contribution to trading revenues wholly visible and appropriately rewarded.

QUALIFICATIONS

- Fluency in Japanese.
- Knowledge of Japanese banking and investor community in Europe.
- Prior experience of corporate credit gained in commercial banking.
- Ability to work in cerebral trading environment.

SAINTY HIRD & PARTNERS — SHP ASSOCIATES

Please send a full cv and current salary details, quoting reference 980311, to SHP Associates, Aldermary House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8800. E-mail: shpa@shpa.co.uk

CORPORATE FINANCE, ASSOCIATE DIRECTOR

To £70,000 + Car + Bonus

Sustained growth within the corporate finance division of this leading British investment bank provides the opportunity for a corporate financier with UK M&A, advisory, MBO/MBI and due diligence experience to lead transactions for an expanding high profile mid-cap client base. Your marketing, interpersonal and leadership skills will be tested.

SENIOR DERIVATIVE OPERATIONS

£55-£65,000 + Excellent Benefits

Heading up the derivative operations department in this City based institution. This high profile role demands an ambitious and motivated individual with excellent product knowledge including FX/MM, bonds, repos, swaps, futures and FRA's. With a minimum of 5 years derivatives experience and proven management skills. Outstanding opportunity

SENIOR PROJECT MANAGER

£50-£65,000 + Benefits

One of the leading US investment banks requires a highly dynamic project manager to aid the development of all back office and accounting systems, including EMU, Year 2000 and Business Process Re-engineering. Ideally a qualified accountant, you will have multiple project management experience and preferably some treasury product knowledge.

FINANCIAL CONTROLLER

£60-£80,000 + Package

Responsible for overseeing accounting function for this dynamic European bank, comprising of finance, projects, management systems and involvement with the capital markets lines. This is an outstanding opportunity for a motivated ACA with strong management skills and good experience within futures and options and capital markets seeking their next step up.

COMPLIANCE REGULATORY

£65,000 + Package

A senior role within a global investment bank. Leading a qualified team of 6 staff, taking responsibility for all the divisions compliance working and ongoing project work on the regulatory side. Ideally a strong education backed with 4-5 years experience of compliance and regulatory work. Excellent prospects for future development.

MARKET RISK SPECIALIST

£Negotiable - 9 months

This European investment bank currently has an immediate opening for a qualified ACA/MBA to work within their market risk area. With a solid understanding of FX/treasury derivatives you will be responsible for all aspects of monitoring, reporting and measuring market risk on a daily basis. This is an outstanding opportunity for the successful applicant.

For further information on the above roles or for general information on senior positions within the banking and finance sector, contact Hays City at 141 Moorgate, London EC2M 6TX. Tel: 0171 [illegible]. Fax: 0171 638 7509.

Hays City

Compliance/Business Risk Management

Fluent Italian speaker

London • Excellent Package

Goldman Sachs enjoys a global reputation as one of the world's leading investment banking and securities firms. This reputation is built upon the skills, credibility and dedication of our people and can only be maintained with a commitment to recruit the best person for every job.

The business risk management group aligned with our Fixed Income, Currency and Commodities Division now seeks to appoint a key individual to join its London office to support its Milan business activities. Based on the trading floor, the emphasis of the role is on identifying and controlling areas of business and regulatory risk. The brief is wide-ranging, incorporating new product development, analysing and assisting the supervision of sales/trading activity as well as setting policies and procedures.

You will be a professionally qualified accountant, MBA or lawyer with a strong control focus with at least five years' relevant experience supporting fixed income, currency and commodity businesses. Fluency in Italian is a pre-requisite. You will combine first class analytical and communication skills with a pragmatic, commercial approach. The role demands an enthusiastic team player who is able to prioritise in a fast-moving environment.

A highly attractive compensation package is offered reflecting normal investment banking practice.

Please apply in writing enclosing both a covering letter and a full Curriculum Vitae, quoting reference 483, to our managing consultant
Joe Thomas at:
BBM Associates,
76 Watling Street,
London EC4M 9BJ.
Tel: 0171 248 3653.
Fax: 0171 248 2814.
joe_t@bbm.co.uk

Goldman Sachs

FLEMINGS

Marketing Support Executive

Flemings is a leading international fund management and investment banking group operating in 42 countries around the world. The Group manages £65 billion of assets on behalf of institutional clients and private investors worldwide.

Fleming Investment Management, our UK-based asset management arm, is a well-established manager of pooled and segregated products for both institutions and private investors. As a result of its recent rapid growth, our Global Fixed Income Group, which combines the strengths of Robert Fleming in Europe and Jardine Fleming in Asia, is now recruiting a Marketing Support Executive.

The successful candidate will be experienced in supporting the marketing of institutional fund management products. Familiarity with marketing fixed income fund management would also be an advantage.

Key responsibilities include:

- completion of fixed income questionnaires and requests for proposals from institutional investors
- drafting of proposals and presentations
- providing general support to the marketing team

The successful candidate will be:

- self motivated, tenacious and possess excellent communication skills
- able to operate to a high level of accuracy in a fast-moving, pressurised environment
- a strong team player
- able to interact at all levels of the organisation

The remuneration package will appeal to high calibre candidates with the determination to succeed in a rewarding environment. To apply, write to Catherine Hodds, our Personnel Officer, at the address below, enclosing your CV and details of your current remuneration.

Fleming Investment Management, 25 Copthall Avenue, London, EC2R 7DR

CORPORATE FINANCE

HONG KONG BASED/ASIAN FOCUS — OUTSTANDING OPPORTUNITY

Our client is the Asian merchant banking arm of one of Europe's largest and most strongly capitalised financial services organisations. The group has an outstanding reputation for innovation and has taken an aggressive approach to building one of the most successful corporate finance teams in Asia. The core activities of the Hong Kong-based corporate finance department include the provision of mergers and acqusitions, privatisation advice, and equity and equity-linked securities issuance. The group is seeking to recruit a small number of intelligent, strongly motivated individuals to join the 100 strong corporate finance team at the following levels.

ANALYSTS

Successful candidates will have

- at least two years related experience with a top tier financial services institution
- graduated from an internationally-renowned university with a first class degree
- a high level of numeracy – a finance and/or accounting qualification will be an advantage
- fluent spoken and written English and, preferably, Asian language skills
- the necessary commitment and drive to succeed within a dynamic team-based environment.

MANAGERS

Successful candidates will have

- at least four years corporate finance experience, preferably with substantial exposure to mergers and acquisitions and/or equity capital markets
- gained specialised industry-specific knowledge within the Asia region
- top level presentation, negotiation and written English skills
- a first class academic background
- an established network of client contacts within the Asia region.

An attractive package and first class promotion opportunities will be open to the successful candidates. Interested parties should send a Curriculum Vitae (headed Analyst or Manager as applicable) to **James Muston** at **Robert Walters Associates, 2119 Jardine House, One Connaught Place, Central, Hong Kong.** Tel: + 852 2525 7808. Fax. + 852 2525 7768. Web: **http://www.robertwalters.com** You may also apply via **http://taps.com/Robert_Walters** quoting reference RW37.

ROBERT WALTERS ASSOCIATES

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LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND

AON *Aon Capital Markets*

RISK FINANCE PROFESSIONALS

CITY — £ EXCELLENT

Aon Capital Markets is a niche division within Aon Group Inc., specialising in integrated risk management solutions for finance and insurance risk, utilising the capital markets.

As a division of Aon Group Inc., the global insurance and risk management provider with operating revenues of nearly 4 billion, the capital markets team operates out of London, Chicago and California. As a consequence of continued growth there is a need to recruit two risk finance/capital markets professionals to join their London office, providing customised solutions to multinational clients.

The successful candidates will be involved in all aspects of business development and marketing of structured products as well as reviewing new products and valuation methodologies. As an all encompassing role, this represents an outstanding opportunity to join a highly professional, results driven team which is an acknowledged market leader, in an area which is experiencing significant growth.

Candidates will possess the following skills and experience

- 2:1 degree ideally in mathematics or statistics and/or an actuarial background
- 3+ years experience gained in a blue chip investment banking environment
- strong understanding of the financial markets and structured products
- initiative, drive and determination
- innovative and forward thinking with the ability to provide clear and concise advice
- good presentation and communication skills
- desire to join a small but highly successful and committed team environment.

Interested candidates should forward a detailed Curriculum Vitae to **David Chancellor at Robert Walters Associates, 10 Bedford Street, London, WC2E 9HE.** Tel: 0171 379 3333. Fax: 0171 915 8714.
E-mail: **david.chancellor@robertwalters.com**
Web: **http://www.robertwalters.com**
You may also apply via **http://taps.com/Robert_Walters** quoting reference **RW39.**

ROBERT WALTERS ASSOCIATES

FS30091

LONDON WINDSOR AMSTERDAM BRUSSELS NEW YORK HONG KONG SYDNEY MELBOURNE BRISBANE WELLINGTON AUCKLAND

Manager Risk and Insurance Services

London

Salary:- designed to attract the best

Axus International provides long term car rental and fleet outsourcing to the corporate business market, operating through 10 countries in Europe. Our reputation for innovation and customer delivery has enabled us to grow substantially throughout Europe, having doubled in size in the last three years, and with plans to do so again in the next few. Our ambitious strategy is to build a thriving, highly profitable business through organic growth and acquisitions. A key part of our success is to develop market leading risk management and insurance services.

To help us achieve these goals, we are looking for a high calibre individual, with strong commercial acumen to head up our Risk Management function. Based at the International headquarters in London, you will drive the profitability of our insurance products and services and be instrumental in developing new and enhanced provision. As a member of the senior management team, you will also be involved in implementing insurance based products into new markets and developing innovative ways to maximise returns.

You will be a European national with at least two languages (one of which should be English). You will have project management experience, excellent computer and insurance skills, and a passion for achievement and success.

For a confidential discussion, please contact David Maitland at Axus International, Berkeley Square House, Berkeley Square, London; telephone: ++44 171 514 5400; Facsimile: ++44 171 514 5449. e-mail: dmaitland@axus.co.uk

Axus International

ALCHEMY PARTNERS

PRIVATE EQUITY IN GERMANY

Alchemy is opening a new office in Frankfurt and requires excellent professionals at levels from associate to partner.

Previous private equity experience is not essential but you will have:

- High energy & intelligence
- A flexible approach
- Fluent German
- High achievement in industry or finance

At partner level, we are seeking individuals with a background in industry. Chief executive experience is preferable but not essential.

We offer highly attractive remuneration packages including considerable equity participation.

Please apply in writing to: Jon Moulton, Managing Partner
Alchemy Partners
11 Adam Street
LONDON WC2N 6AA
Fax: 0171 240 9594
Email: 106561,3325@compuserve.com

We promise a prompt response.

CHIEF EXECUTIVE OFFICER

CHANNEL ISLANDS STOCK EXCHANGE

St Peter Port • Guernsey

Applications are being sought for the position of Chief Executive Officer of The Channel Islands Stock Exchange which is due to commence operations in the third quarter 1998.

The Chief Executive Officer will be responsible to the Chairman and the Board of Directors for the successful development and operation of this new offshore stock exchange.

At least 10 years working experience in a senior managerial capacity within the securities industry either in the operation and/or development of stock or derivatives exchanges or in a similar role within the securities department of an international bank or other international financial institution is essential. Ideally, the successful candidate should be highly motivated and accustomed to start-up situations with a proven track record in the development of one or more business activities in the financial services sector, and should possess a securities industry qualification, a professional qualification (lawyer or accountant) or an MBA.

A competitive salary (negotiable) and remuneration package, including profit sharing and pension provisions, will be offered.

Applications, in writing, together with current resume and salary details should be directed to:

The CISE Development Committee

Guernsey Financial Services Commission
Valley House, Hirzel Street, St Peter Port, Guernsey GY1 2NP
Channel Islands, U.K.

Enron Corp., based in Houston, Texas, is one of the world's largest integrated natural gas and electricity companies with approximately $23 billion in assets. It operates one of the largest natural gas transmission systems in the world, markets natural gas liquids world-wide, is the largest purchaser and marketer of natural gas and is the largest non-regulated marketer of electricity in North America, manages the largest portfolio of fixed-price natural gas and power risk management contracts in the world, and is among the leading entities arranging new capital to the energy industry.

Enron is also one of the world's most successful developers of energy projects and energy solutions, including power plants, natural gas transportation and storage facilities, and gas liquid plants. Enron has 17,000 employees, and operations and projects in 30 countries.

Enron Capital & Trade Resources (ECT), a subsidiary of Enron Corp., is an innovative provider of energy merchant services, including physical and financial markets for electricity and natural gas products, risk management products and financing.

With increasing demand in the Former Soviet Union, Central Asia and Eastern Europe for the development of energy infrastructure and for trading and risk management expertise, Enron is expanding its already extensive presence in the region through the appointment of several key individuals to join active project development and origination teams. Ultimately, the focus for these positions will be to seek out and develop capital projects of the type and profile which are consistent with Enron's objectives and fit its strategic portfolio. The scope of this activity may include mergers and acquisitions, and alliancing and partnering where appropriate synergies exist. Further responsibilities will be to introduce Enron's financial instruments and merchant products into the markets concerned.

These roles will be attractive to individuals who have proven experience either in an energy finance, project finance, trading or project development capacity with a recognised international financial institution, energy company or trading house. These individuals will have at least five years' experience of successfully operating in emerging markets, preferably those of the Former Soviet Union and Eastern Europe. Experience working directly with an indigenous energy company, or for an international financial institution, or consultancy active with such companies in the region is seen as highly desirable. A Masters Degree or MBA from a respected institution is essential. English, in addition to fluency in one or two languages of the region, is mandatory.

Interested applicants should apply by sending a complete curriculum vitae to Preng & Associates.

Scott F Eversman, e-mail: scott@preng-uk.com or Fax: +44-(0)171 580-1444 Tel: +44 (0)171 580 1144 or Langham House, Suite 104, 29-30 Margaret Street, London W1N 7LB UK

ENRON

Directors Managers & Associates

Russia, Central Asia and Eastern Europe

Based London/Moscow

FINANCIAL EVALUATION MANAGER

EXCELLENT OPPORTUNITY TO JOIN AN INTERNATIONAL MERGERS AND ACQUISITIONS TEAM

LONDON — **UP TO £65,000 + BENEFITS**

- Billiton plc is a leading international mining and metals group. Its shares were listed on the London Stock Exchange in July 1997 and the group has operations in Australia, Europe, North and South America and Southern Africa.
- *Billiton's continued success coupled with its ambitious international growth plans have created* the need for a Financial Evaluation Manager to support the *Mergers and Acquisitions* and Exploration and Development units.
- *Reporting to the Chief Executive, M&A, tasks* will include financial evaluation and strategic analysis in support of the teams work on a wide *range of project and corporate transactions.*
- A degree plus MBA/ACA qualification or equivalent should be combined with at least three years investment and acquisition experience gained in a blue chip investment bank, multinational or mining company.
- This role demands a highly commercial and detail orientated approach. Exceptional analytical and financial modelling skills, an international outlook and first class communications skills are pre-requisites for this position.
- Candidates should have the intellect and pace *to be effective in a dynamic environment.* Considerable international travel will be involved. Mining industry experience and a knowledge of Spanish would be advantageous.

Billiton

Please apply in writing quoting reference 1608 with full career and salary details to:
Fiona Makowski
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2054. Fax: 0171 290 2050
www.whiteheadselection.co.uk

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ENRON

Derivatives Lawyer

Investment Banking Package

Business Orientated Role in Global Energy Leader

Enron Capital & Trade Resources is a key division of Enron Corp., one of the world's largest and fastest growing energy companies, with 1997 revenues of $20bn and worldwide assets of $24bn. As a pivotal sector of the Group's global operations, we are pursuing a progressive and extremely successful *merchant business strategy in the UK and Europe. We now wish to appoint a senior derivatives lawyer* to join our powerful legal team at our Central London, European headquarters.

Derivatives play a critical part in many aspects of our business. You will naturally focus on energy derivatives, as well as dealing with other products including interest rate, currency and credit derivatives. You will also participate in a variety of highly structured innovative financing transactions that are central to our strategy. Our counterparties include leading trading houses, banks and corporations. **Prior exposure to energy derivatives, whilst helpful, is certainly not a prerequisite.**

You will have gained between 4-8 years' post qualification experience in a leading financial institution, City law firm or company. You will also be proactive, imaginative and capable of setting your own agenda in an incredibly entrepreneurial environment.

We believe we represent a truly unusual and exciting option to the conventional career path in a City law firm or investment bank - where the quality of work and financial rewards are outstanding and the atmosphere, culture and lifestyle, refreshingly different.

For further information in complete confidence please contact our consultants **Greg Abrahams** or **June Mesrié** on 0171-405 6062 (0171-435 4663 evenings/weekends) or write to them at ***QD In-House Legal***. Confidential fax 0171-831 5394.

QD In-House Legal
37-41 Bedford Row
London
WC1R 4JH

This assignment is being handled on an exclusive basis by QD In-House Legal and all direct or third party applications *will be forwarded to them for* consideration.

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QD

INVESTMENT ANALYSTS

The firm is a London-based unit of one of the largest and most prestigious US Investment Management groups. Funds managed in London are invested in all of the major European markets. As a result of growth and expansion, we now seek to appoint two additional professionals to our research and investment team.

EUROPEAN INVESTMENT ANALYST

City — **£Competitive + Benefits**

THE ROLE
- *Primarily focusing on the French, Spanish and Italian equity markets*
- Balance sheet, profit and loss, cash flow statement and financial ratio analysis
- *Prepare detailed analysis of companies through the writing of summary* memos on companies
- Direct involvement with the money management process through investment recommendations
- Participation in company meetings with senior management teams.

UK INVESTMENT ANALYST

City — **£Competitive + Benefits**

THE ROLE
- Focus on the UK and Irish equity markets
- Perform industry, sector and fundamental company analysis
- Analysis of both qualitative and financial information to produce investment recommendations
- Preparation of reports and spreadsheets as part of the investment decision process
- Participation in company meetings with senior management teams
- Direct involvement with day to day portfolio decision making

THE QUALIFICATIONS
- Graduate, with strong quantitative background and accounting skills
- At least 1 years experience performing company financial analysis in an accountancy firm or an investment management environment, such as an investment advisory company, unit trust management, stockbroker, merchant bank, commercial bank, insurance company or back office.
- PC literacy and thorough knowledge of Microsoft Excel, Lotus and Word/Wordperfect.

Please write in confidence, enclosing a full CV and details of current remuneration to Fiona Bell (quoting ref: FT0154) at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY. Tel: 0171 209 1000, Fax: 0171 209 0001, E-mail: jfk@fss.co.uk, Visit our website at www.fss.co.uk

FSS FINANCIAL

LAUFEN

The Keramik Laufen Group - with more than 30 companies, sales of over 1 billion Swiss francs and upward of 10,000 employees - is one of the world's leading manufacturers of sanitaryware, tiles, bricks and roof tiles.

As part of our drive to foster external growth, we are seeking an entrepreneurially-minded executive as

Corporate Development Manager

Working closely together with the Business Unit managers, you will develop concepts, strategies and projects to expand our business activities and submit them to senior management. You will be supported by in-house and external specialists.

The appointee's role is to

* permanently update the strategic concept for corporate growth
* develop and maintain a comprehensive database
* identify and evaluate potential business opportunities
* lead or actively participate in negotiations and company valuations
* prepare material for decisions to be taken by the Executive Committee and/or Board of Directors
* implement projects
* provide support in the integration of new companies.

For this unique and challenging appointment we are seeking to recruit a high-calibre who is systematic and innovative and a good communicator. The appointee will have a university degree and several years' experience as a project manager in mergers & acquisitions.

If this is the job for you, please send your full CV to Peter Waser, Head of Corporate Human Resources at Keramik Holding AG Laufen, Wahlenstrasse, 4242 Laufen, Switzerland.

Senior management position in

Factoring and Forfeiting Sales and Trading, Geneva based.

As a medium sized fully owned subsidiary of a powerful financial group, our Geneva bank, created in 1995, has been very active in international trade finance. In order to enhance and support growth of the existing business, we are looking for a manager who will develop factoring and forfeiting operations and will deal with claims of both Russian, *Community of Independent States* (CIS) and Western European parties. This is a key position of high visibility and importance.

The **Head of Factoring and Forfeiting Sales and Trading** will be responsible for selling and trading commercial papers, promissory notes and other *instruments deriving from international trade related to Russia, CIS and Eastern* Europe. He/she will be in charge of placing on primary markets participation in trade finance transactions originated by the bank and dealing with trade related instruments on secondary markets.

The right candidate will already have a network of institutional and private clients investing in trade finance instruments, specifically related to the Russian/CIS markets. He/she will have experience in forfeiting and factoring operations, in placement of participation in trade related deals on primary markets, and a good understanding of risks in *trade related instruments.*

The candidate will possess strong technical expertise in these areas as well as marketing and negotiating skills. He/she will have entrepreneurial as well as team spirit and dedication to work. Fluency in English is a must. French or *German necessary and Russian a plus. The person will report to the Head of Trade Finance.*

If your profile corresponds to these requirements, please send your application to the **Human Resource Department, Post Office Box 5734, CH-1211 Geneva 11, Switzerland.** We guarantee full confidentiality and a personal response.

EMPLOYMENT RECRUITING MANAGER

We are a successful, aggressive New York City based recruiting firm with a specialty in the placement of financial *service professionals. We are currently seeking* a degreed individual to be groomed for management of our soon to be opened London office. If you are successful, have a high energy level and want to become involved in a exciting career oppty, we *offer a rewarding* compensation plan including benefits.

Contact: Joe Sullivan

INTERNATIONAL MARKET RECRUITERS

Tel: 212-819-9100 Fax: 212-354-9476

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New Commodity trading co. SFA registered require the following personnel:

1) **Fund Marketing Manager** - In-house or out, to market computer and discretionary trading.
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All positions require totally dedicated, intense individuals. Incentives linked to performance.

Fax CV to 0171 225 1331, E-Mail to munro@ghott.co.uk or send to 243 Knightsbridge, London SW7 1DN.

Appointments Advertising

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For information on advertising in this section please call

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Credit Analyst

Fixed Interest Management

Competitive package · London

Foreign & Colonial Management Ltd is a global fund management company managing funds of approximately £30 billion on behalf of a diverse portfolio of institutional and retail clients. The Fixed Interest Department plays a vital role in the management of these assets investing in the UK and worldwide. The Department now seeks to further strengthen their research capability by recruiting a Credit Analyst.

The Role

The role, which is both intellectually stimulating and challenging, will play a crucial part in the *continued success of the Fixed Interest Department.* The Credit Analyst will be responsible for analysing the credit risk of bond and money market instruments and giving investment recommendations to fund managers. There will be a *particular emphasis on UK and Continental* European corporate debt. There are considerable development opportunities for the right candidate which will include the management of high-yield fixed interest funds.

The Candidate

The successful candidate will have a business/financial degree and at least one year's relevant work experience. He/She will require a strong analytical mind and be an effective team player in a dynamic environment. Computer skills and a knowledge of European languages, especially German, would be highly desirable.

Please write enclosing your CV, giving details of your current salary, to: Ms Jackie Olmit, Human Resources Department, Foreign & Colonial Management Ltd, Exchange House, Primrose Street, London EC2A 2NY.

Foreign & Colonial

A GENEVA BASED ORGANISATION WITH OIL, SHIPPING AND BANKING INTERESTS HAS AN IMMEDIATE OPENING FOR A

CHIEF FINANCIAL OFFICER

with the following qualifications:

- at least 10 years of international experience with a large corporation or a bank,
- ability to lead and organise the financial reporting of the consolidated group and/or division,
- the ability to coordinate certain bank relations for the holding company plus the related companies as regards trade financing,
- the responsibility for work with banks or international credit agencies for project finance,
- past experience in trading, shipping or banking will be an advantage.

The candidate will also be called to participate in some internal audit functions.

To assume these responsibilities, the candidate should have:

- strong financial statement analysis skills
- knowledge of audit procedures
- good command of spoken and written English
- proven track record in negotiating with banks.

Please send your CV to: Box A6101, Financial Times, One Southwark Bridge, London SE1 9HL

TOUS DIFFÉRENTS, TOUS ENTREPRENEURS.

L'esprit d'entreprise est bien là, qui nous place aujourd'hui au premier rang mondial de la restauration et des services. Cet esprit, c'est le goût d'entreprendre incarné par chacun des 150 000 collaborateurs de Sodexho (30 milliards de F de CA) ayant une ambition en partage : l'esprit d'équipe, de service et de progrès. Nous vous offrons aujourd'hui la possibilité de faire vivre cette ambition, de la porter toujours plus haut au bénéfice de chacun.

Dans le cadre de notre fort développement dans les pays anglo-saxons, nous renforçons notre équipe :

CONSOLIDATION INTERNATIONALE

Rattaché au Directeur Consolidation Groupe, vous assurez la liaison entre ce service et les directions financières des filiales France et Étrangères afin de garantir la fiabilité de l'information financière. Adaptant les procédures comptables du groupe aux normes internationales, vous les diffusez et assurez la formation des utilisateurs. De plus, vous rédigez en langue anglaise les sorties périodiques de comptes et serez amené, ultérieurement, à contrôler l'application des normes groupe.

Parlant parfaitement anglais, vous avez une bonne pratique du français. Vous maîtrisez les environnements informatiques et connaissez bien Hyperion ainsi que les normes comptables internationales (FAS et/ou IASC). De formation supérieure en finance, vous avez une expérience de 3 à 5 ans dans un cabinet d'audit ou groupe international. Votre force de persuasion, votre sens relationnel et votre esprit d'équipe seront des atouts indispensables pour réussir dans cette mission. De fréquents déplacements à l'étranger sont à prévoir pour ce poste basé à Saint-Quentin-en-Yvelines.

Merci d'adresser votre dossier de candidature (CV et lettre manuscrite) sous la réf. CI/FT à Sodexho - Service Recrutement - BP 104 - 78883 Saint-Quentin Yvelines Cedex - France - Internet : http: //www.sodexho.com

Sodexho
FRANCE
Satisfaire un monde de différences

STANDARD & POOR'S

EMERGING MARKETS BANK ANALYST

PARIS BASED

Standard & Poor's, the leading global credit rating company is looking for an experienced analyst to join its emerging markets banking team in Paris.

The position involves analysis of financial institutions in Northern Africa, the Middle East and Turkey. You will be required to analyse the commercial and financial risks of individual institutions, as well as the economic, legal and regulatory environment in which they operate.

You will need to be a graduate with at least five years of relevant work experience in the financial service industry. Fluency in English is essential, and knowledge of Arabic, Turkish or French will be desirable, but not mandatory. In addition to your strong financial and analytical skills, you should be a confident self-starter and an excellent communicator with strong interpersonal skills.

This is an excellent position for someone with a keen interest in the financial services sector. There are several avenues for career development in Standard & Poor's growing European network and, for the right individual, good prospects for progression in terms of responsibility and position. We offer an attractive compensation package that will fully respect your skills and experience.

Please write, enclosing a full CV and salary requirement to: Personnel Department, Standard & Poor's - 23, rue Balzac - 75406 PARIS Cedex 08

A Division of The McGraw-Hill Companies

THE EUROPEAN INVESTMENT FUND

The EIF, a financial institution of the European Union based in Luxembourg, and established in 1994 to provide loan *guarantees and equity in support of small and medium-sized* companies (SME) and large infrastructure projects of Trans-European Networks (TEN), wishes to recruit for its Headquarters in Luxembourg (m/f)

SME ANALYSTS

The EIF has developed a variety of products in the area of SME guarantees essentially providing portfolio credit insurance. The clients of the EIF include entities of the public and private sector, i.e. commercial banks, regional and national guarantee funds and specialised purpose vehicles for SME financing. The EIF undertakes own operations and trust operations on behalf of third parties.

Working in a small team, the analysts will assist in the different phases of the guarantee operations, as well as in identifying and analysing business opportunities while keeping abreast of developments in Small and Medium Enterprises (SME) financing across Europe.

Applicants, who will normally be in their late twenties or early thirties, must be nationals of an EU member country, have a University Degree (ideally complemented with post graduate *studies, preferably in the fields of finance or management), and at least 2 years experience* preferably in SME credit and risk assessment in a banking or business environment.

They should be fluent in English and at least one other language of the European Union, and *have strong analytical/quantitative skills and computer literacy.* International experience would be an advantage.

The EIF offers an attractive remuneration package with terms and conditions comparable to *other* European Institutions. Applicants are invited to send their CV with a letter, quoting the reference, to

European Investment Fund - Human Resources (Ref. SME-01/98), avenue J.F. Kennedy 43, L-2968 Luxembourg. Fax: (352)42.66.88.202.

ROWAN & COMPANY

Member of The London Stock Exchange

PRIVATE CLIENT STOCKBROKING - BRISTOL

A leading West Country Member firm seeks experienced manager of private client funds to joing its expanding business team.

Candidates must have their own established clientele - would suit those preferring to work in a small friendly office of larger firm, offering comprehensive services to investors, including international expertise.

In the first instance, please reply in writing to:

D C Montgomery
Rowan & Company (Financial Services) Limited
51 Queen Square
Bristol BS1 4LH

THE EUROPEAN INVESTMENT FUND

The EIF, a financial institution of the European Union based in Luxembourg, and established in 1994 to provide loan guarantees and equity in support of small and medium-sized companies (SME) and *large infrastructure projects of Trans-*European Networks (TEN), wishes to recruit for its Headquarters in Luxembourg (m/f)

VENTURE CAPITAL ANALYSTS

Working in small teams, they will assist in identifying and analysing business opportunities while keeping abreast of developments in European venture capital markets, and will help in the development and implementation of plans to promote EIF equity activities.

Applicants, who will normally be in their late twenties or early thirties, must be nationals of an EU member country, *have a University Degree (ideally complemented with post graduate* studies), and at least 2 years experience in analytical tasks in a banking or business environment. They should be fluent in English and at least one other language of the European Union, and have strong analytical/presentation skills and computer literacy.

A good understanding of private equity markets in the EU and of the financial instruments used in venture capital is required. Exposure to private equity investments, preferably with an international dimension, would be an advantage.

The EIF offers an attractive remuneration package with terms and conditions comparable to other European Institutions. Applicants are invited to send their CV with a letter, quoting the reference, to

European Investment Fund - Human Resources (Ref. VC-01/98), avenue J.F. Kennedy 43, L-2968 Luxembourg. Fax: (352)42.66.88.202.

CORPORATE FINANCE - SUB SAHARAN AFRICA

London Base

As part of their continued expansion in the region, our Client, a leading global investment bank with a well established international reputation is currently seeking an experienced Corporate Financier to play a key role in the development of their business in the region.

Responsibilities will include the development, structuring and execution of Equity and Debt Capital Market solutions for existing and new clients in Sub Saharan Africa, including South Africa. Specifically, the need is for the provision of effective and systematic coverage of governments and corporates by marketing a full range of the institution's products and services.

Although the focus of the role is to service both new and existing clients, the need is for a professional who is capable of taking a transaction from inception to completion.

Excellent salary and benefits

Initiative, drive and commercial awareness are a prerequisite and candidates must have at least 3 years' experience in Investment Banking, preferably with 1 year operating in the region. However, candidates with a genuine interest in the region will be considered. Critical success factors will include:

- excellent academic credentials
- proven expertise in the Capital Markets
- proven marketing and new business development skills
- appreciation of the complexities of emerging markets
- highly motivated, entrepreneurial and ambitious
- spoken French would be advantageous

This is a demanding role requiring an individual of the highest calibre. A highly attractive compensation package will reflect this need for excellence.

Interested candidates should write in confidence to Stephens Selection, 20 Cousin Lane, London EC4R 3TE or alternatively fax your details to: 0171 489 1130 or E-mail stephens@stephens.co.uk

STEPHENS SELECTION

STEPHENS

PRIVATE CLIENT INVESTMENT MANAGER

Brighton

As Solicitors and Investment Managers, Griffith Smith enjoys a strong reputation for private client services through our 5 Sussex offices. Our Investment Division is seen in the firm and by clients as a key part of our service.

We seek an experienced private client Investment Manager whose role will be to lead and develop our Investment Division as well as managing clients' investment portfolios. Broad-based investment experience, communication skills and the ability to develop and pursue a clear strategy for growth are essential to success in this role.

Please apply with a full CV and current salary details to:

Tim Smith, Personnel Partner, Griffith Smith, 47 Old Steyne, Brighton BN1 1NW

GOVERNMENT OF THE REPUBLIC OF ALBANIA
RECOVERY PROGRAM TECHNICAL ASSISTANCE PROJECT

Subject: CONSULTING SERVICES FOR BANK ASSET RESOLUTION TRUST

The Government of Albania seeks the services, for about 9 months, of a qualified expert to assist in the establishing and operation of a Bank Asset Resolution Trust. The consultant would be responsive *for coordinating work in preparing a comprehensive inventory of assets to be entrusted to the* Trust, and in managing all actions necessary for the successful formation and initial operation of this Trust. The Government of Albania intends to use part of the proceeds of a Credit it has received from the International Development Association to finance the cost of these services.

Qualifications Required

1. At least five years experience as part of senior management of an agency handling the orderly disposal of bad assets of banks.
2. A demonstrated grasp of totality of functions of the asset disposal agency.
3. At least 10 years' experience in a managerial or senior responsibility in an area related to the functions of the asset disposal agency, eg banking, legal.
4. Experience in a developing or transition economy desired.
5. Verbal and written fluency in English, and good communications skills.

Selection of this consultant will be carried out in accordance with World Bank Guidelines: Selection and Employment of the Consultants by the World Bank Borrowers, January 1997.

If you are interested in this assignment or require further information, please send, before April 6, 1998 your expression of interest and your CV to:

Mr Rezar Turdiu
Project Implementation Unit
Ministry of Finance
Tirana, Albania
Tel/Fax: +355 42 27941

MACRO-POLITICAL ANALYST

Elite private NYC-based political advisory firm whose clients are the top hedge funds and investment banks in the world seeks aggressive senior and junior markets specialists to focus on market-sensitive political developments in G7, Asean, Eastern Europe and Latin America. Market, political, and journalistic backgrounds are a plus. Facility with languages other than English is a must. Direct contact with top political, central bank and government officials and with clients is a regular part of this job. Candidates must be thoroughly comfortable with searching for information and drawing quick and accurate conclusions. Compensation commensurate with experience. Fax resume, cover letter to 212-219-9093.

FCA

Banking experience.
Systems literate.
Seeks short/long term contract.
Fax: 07070 602516

TRAINER: International Banking

Small specialist business offering tailored training solutions to International Banks wants to add to the team to meet existing and growing commitments.

Applicants should have at least 5 years experience in a major international bank and should be familiar with

- The analysis of large corporate clients
- Treasury and Trade Finance products
- The basics of Investment Banking

Previous experience in training would be an advantage but is not essential.

The successful applicant should be flexible and in a position to travel extensively overseas.

Please write, in confidence with full CV including current salary to:

Financial Projections
1622A HIGH STREET,
KNOWLE, SOLIHULL B93 OJU

ACCOUNTANCY APPOINTMENTS

LONDON ELECTRICITY

Substantial six figure package — *Central London*

Director of Finance and IT

Significant leadership role with this £1 billion+ supplier of energy services to more than 2 million domestic, commercial and industrial customers in the capital. A subsidiary of Entergy, one of the world's fastest growing energy companies, this is an influential, high profile position supporting the Chief Executive to achieve stretching financial and operational objectives.

THE ROLE

- Key contributor to the strategic review of operations and the assessment of opportunities in an increasingly competitive and rapidly evolving industry.
- Through the development and use of effective systems create a responsive finance function that allows enhanced analysis, reporting and control.
- Forge highly effective relationships with the Corporate centre and other divisions to exploit planning, taxation, treasury and corporate finance expertise.

THE QUALIFICATIONS

- Graduate accountant with proven accounting, control and IS skills gained in a senior role in a global business. Prior exposure to a regulated environment a significant advantage.
- Challenging but supportive style with experience of implementing initiatives that have created a fundamental change in attitudes towards customer service
- Mature, confident team player and leader with excellent communication skills. Effective in dynamic, rapidly changing cultures. Potential opportunities to move abroad in the future to progress further in the organisation.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FMW/24735-9/38,
Adlington Court, Greencourts,
333 Styal Road, Manchester M22 5LG

£ Six figure salary + expatriate package — *Diversified Multinational* — *Jeddah, Saudi Arabia*

International CFO

With annual revenues of several billion US$, our client is a significant multinational company with a wide range of interests in most major global markets including the UK and USA. This is a challenging, international assignment for an experienced, Arabic-speaking finance professional to join an expanding and dynamic Group of businesses.

THE ROLE

- Provide a high quality treasury, financial reporting, tax planning and management accounting service to worldwide operating companies in conformance with local and international requirements.
- Work with the Group IT Director to upgrade the internal control systems to provide timely and relevant information to assist with the management of the business. Identify and implement cost-saving measures.
- Co-ordinate the formulation of annual budgets and operating plans and work with General Managers to improve their understanding of financial matters. Arrange sourcing of funds under the most favourable terms.

THE QUALIFICATIONS

- Qualified ACA/CPA, probably in his/her 40s with broad base of experience in financial, legal, taxation, treasury and IT matters. Fluent in written and spoken Arabic and English.
- Experience in computer-based financial planning and control processes gained in an international business well known for the operation of sophisticated, effective management information systems.
- Good communicator and team builder. Well-developed business sense with the ability to contribute to the strategic development of the Group. Resilient, able to manage a demanding travel schedule.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. ES/20014-11/38,
16 Connaught Place,
London W2 2ED

Attractive package and sig. equity opportunity — *Biotechnology* — *The Netherlands*

Chief Financial Officer

A recently founded, fast-growing biotechnology company specialising in gene therapy with a strong financial position and a broad shareholder base is planning to float in the near future. The company has already established a broad, patented technology platform, is conducting (pre) clinical trials in areas with significant market potential and has renowned business and academic partners in the US and in Europe.

THE ROLE

- Reporting to the President/CEO with responsibility for financial management and control, administration and human resources supported by a lean administrative staff.
- Contributing substantially to the strategic and commercial direction of the business, preparing for the company's IPO and thereafter continuing to build shareholder value.
- Participating in contract negotiations, managing relationships with investors, shareholders and investment banks, as well as with commercial banks, auditors and tax authorities. Key role representing the company to potential investors.

THE QUALIFICATIONS

- Graduate qualified accountant (ACA/CPA or equivalent), aged mid 30s to late 40s with fluency in English; Dutch language skills a distinct advantage. A second business degree highly preferable.
- At least five years' experience in a financial role, ideally in a high growth, technology and research-driven business. Experience in taking a company public, a start-up environment or in building a business in a changing environment highly advantageous.
- Strong financial engineering capabilities, excellent communication and presentation skills, open personality and a team player, with a strong interest in biotechnology.

Tel: +49 69 61 09 27 13
Fax: +49 69 61 09 27 80

Selector Europe
Spencer Stuart

Please reply with full details to:
Mrs Pamela Preisendoerfer,
Selector Europe, Schaumainkai 69,
60596 Frankfurt, Germany

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c. £60,000 package plus benefits — *Fast-Moving Consumer Products* — *Midlands*

Finance Director

Significant opportunity for an ambitious and talented professional to work closely with the Managing Director of this profitable £30 million division, which is dominant in its local market in this fast-changing dynamic sector. Major scope to move thereafter into a more substantial finance or general management role within the highly successful and acquisitive parent group with a market capitalisation of £2.3 billion.

THE ROLE

- Reporting to the Managing Director, ensure the provision of high quality financial and management information through a 30+ team to add value to operational and strategic decisions.
- Drive through refinements to business processes to increase margins and reduce costs. Forge excellent cross-functional relationships and build a strongly motivated and cohesive team.
- Proactively influence colleagues and deliver high quality strategic advice to ensure an innovative customer-focused business capable of responding to rapid market changes and technological advances.

THE QUALIFICATIONS

- Qualified Accountant, probably a graduate. Technically excellent, with experience of managing a finance team in a complex environment, ideally in the retail, fmcg or service sectors.
- Knowledge of using systems and processes across the entire supply chain to deliver market-leading, cost-effective products. Experience of contributing to broad strategic policy development.
- Excellent analytical and evaluation skills linked to innovative solution generation. An influential relationship builder and accomplished team player with the energy, drive and ambition to progress within this exciting environment.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. TRB/06437-45/38,
16 Connaught Place,
London W2 2ED

CHALLENGING INTERNATIONAL OPPORTUNITY

TAX DIRECTOR CENTRAL & EASTERN EUROPE

EXCELLENT PACKAGE — **BASED MOSCOW**

THE COMPANY: Our client, a $multi-billion US international company, is a leading player in one of the world's most competitive and dynamic consumer markets today. They have truly global operations and a portfolio of world renowned brands, a market leader of significance. In recent years, activities throughout CEE and most significantly in Russia have resulted in significant market penetration, achieving a leading market position by virtue of a rapid and aggressive sales expansion.

Our client regards competence, employee dedication and team effort as the most important ingredient in the Company's success. They are seeking to significantly improve their strategic position within the market and therefore have this opportunity for the following position.

THE ROLE: Reporting to the Vice President - Tax and Regional Chief Financial, you will be responsible for taxation in the region. Your responsibilities will include the following:

- Optimising taxation while complying with the Company's global taxation strategies and CIS/Baltics and ECE regulations
- Providing tax leadership for the region through liaising with site tax and Finance Managers
- Contributing to the development of the Company's global tax strategies
- Liaising with operations, sales, marketing, legal and external relations to ensure issues are addressed as part of the Company's activities
- Developing regional strategies with the local management and ensuring local compliance
- Developing and rightsizing the Tax Department across the region

THE PERSON: To excel in this role your background is likely to be within a similar dynamic and fast moving industry or within a public accounting or a legal firm. Ideally with a formal accounting qualification, you will have at least 6 years' international tax experience to include a minimum of one to two years' managing a tax function in the CIS.

Proven commercial acumen and a proactive approach coupled with confidence and drive to build and work within a team in a multicultural environment are essential.

These skills must be combined with fluency in English. Russian language skills would be an advantage.

Please forward your full resume in the strictest confidence, quoting reference no. FT3217 to:
Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA.
Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949 e-mail:cv@antal-int.com
Antal International, Trekhprudny per, 9 Building 5 (former Building H), Moscow 103001
Tel: 007 095 935 8606 Fax: 007 095 935 8607
or visit our website on www.antal-int.com

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Price Waterhouse

General Manager - Finance

Leading Commercial Bank : Jamaica

The Company
The largest commercial bank in Jamaica has a requirement for an experienced Banking Executive to be appointed as General Manager - Finance.

The Role
The remit for this position is both wide and demanding. You will be required to stay abreast of current and proposed legislation in addition to working under the regulatory supervision of the Bank of Jamaica and the Jamaican Securities Commission. Your representational responsibilities will include attendance at meetings of the Board of Directors and the General Administration Board, meetings of professional organisations, and liaison with the Jamaican Central Bank. You must be able to establish sound and effective relations with the financial community that will enable the bank to respond effectively in both the long and short term.

You will also be expected to maintain adequate systems of internal control to ensure the accuracy and reliability of accounting records, and will direct the design and implementation of new or improved automated systems within the finance division, ensuring that systems outside finance conform to established processes.

Further duties include the development of investment policy parameters, the supervision of the management of funds to yield optimal returns, and the provision of recommendations of long term investments that will maximise profitability whilst safeguarding corporate reserves.

The person we seek
You will be a qualified Chartered Accountant, with ideally a further qualification in business administration and several years experience of operating in banking at high levels. You will need to be a proven leader in your field, with recognised credibility within the banking community and be capable of managing and motivating others to reach their goals within the finance function.

The Reward
For the right candidate compensation will reflect the importance of the role and the standing of the organisation, with relocation costs to Jamaica being paid.

What Next?
If you believe you can meet this challenge then please send your application to James Greengrass, quoting P/1875, at the address below. Applications will be forwarded directly on to our client in Jamaica, therefore please list any organisation to whom your details should not be sent.

Executive Search & Selection
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY
Fax: 0171 378 0647
E-Mail: James_Greengrass@Europe.notes.pw.com

Head of UK Financial Control

Major Pan-European Retailer

Central London — c.£60,000 + Car + Bonus

This well respected international group enjoys household name status by virtue of its prominent profile in the highly competitive fashion sector. The group has a store network approaching 1,000 Europe-wide. The Senior Management team is reinforcing its strategy of achieving profitable growth through the application of sound merchandising, marketing, staff development and tight financial controls. The Head of UK Financial Control will have responsibilities for the following areas:

- developing and managing the accounting, tax, treasury and cash management strategies. Liaison with professional advisors will be a key focus area;
- ensuring that rigorous financial controls are maintained, applying appropriate accounting standards to UK and group reporting requirements;
- initiating and leading the implementation of an Oracle financial system whilst ensuring the integrity of current systems to allow accurate and timely financial reporting;
- assisting in special projects and post evaluation investment appraisals.

Candidates will be graduate chartered accountants with experience of running a modern finance department within a fast moving environment. Retail experience would be an advantage. Candidates must possess excellent people management and communication skills. In addition, strong technical competence, sharp intellect and sound business acumen are essential characteristics for success within this high profile, demanding role. A second European language would be an advantage.

This is an excellent opportunity to make an important contribution to a new and progressive culture.

GKRS

Please send a full CV in confidence to GKRS at the address below, quoting **reference number 862J on both letter and envelope, and including details of current remuneration.**

86 JERMYN STREET, LONDON SW1Y 6JD.
TEL: 0171 468 3800. FAX: 0171 468 3801.
A GKR Group Company

Coopers & Lybrand | Executive Resourcing

Finance Director

ATHENS — HIGHLY ATTRACTIVE PACKAGE

Our client is a fast growing financial services subsidiary of a multi-national company selling retail products direct to customers. With further expansion planned, the company is now seeking to strengthen its executive team with the appointment of an ambitious, high calibre finance professional who will play a key role in the further advancement and development of this highly successful business.

Reporting to the local Managing Director, you will be expected to make a significant contribution in driving forward business performance whilst ensuring effective financial control systems are in place to support all areas of the business. As an active member of the executive team, you will contribute to the strategic planning processes with particular reference to the development of financial planning, business analysis and forecasting. The development of responsive management reporting systems is also of key importance.

A graduate, qualified accountant, you will have a strong track record of achievement to date including at least three years at senior level ideally in a financial services environment. Fluent in English and Greek with an international business perspective, you will possess first class communication skills coupled with strong commercial awareness. An interest in the development of strategic management and the ability to take a 'helicopter view' is also of key importance together with well developed people management skills.

Please send full personal and career details including current remuneration level and daytime telephone number and stating companies to which your details should not be forwarded, in strictest confidence to Angela McDermottroe, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference 377AM on both envelope and letter.

Group Tax Manager

c.£60,000 + Benefits — **Central London**

New appointment for dynamic corporate tax professional to create and build in-house function. Pre-eminent international group.

THE COMPANY

- Leading property investment and development group. Prestigious, rapidly expanding portfolio across the UK and Continental Europe.
- Group strategy currently adding significantly to existing assets in Retail, Leisure Office/Commercial and Residential sectors.
- Highly dynamic culture. Small, highly influential head office management team with revered industry-wide reputation.

THE POSITION

- Manage the formation of in-house corporate tax function to facilitate contracting-in of tax compliance. Report to Group Finance Director.
- Manage tax Compliance process. Liaise extensively with Inland Revenue and external advisors as required. Recruit additional resource as required.
- Examine tax planning opportunities. Contribute to tax strategy of both existing entities and new business transactions.

QUALIFICATIONS

- Qualified corporate Tax specialist. Upwards of five years' relevant experience gained in either commerce or the profession. Technically excellent and commercially astute.
- Highly professional with maturity, stature and intellect to establish respect of senior management team.
- Strong project manager. Proven interpersonal skills, both written and oral.

Please send full cv, stating salary, ref LG80307, to NBS, PO Box 17917, London SW1Y 6ZU
Fax 0541 500 001 Email nbsresponse@nb-selection.co.uk Tel 0171 493 6392

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh • Glasgow • Leeds • London • Manchester • Radlett • Slough • Frankfurt • Madrid • Paris

NB Selection — NBS — Financial Management

A BNB Resources plc company — ISO 9002 Registered

Finance Director

Growing Northern plc

Excellent Package — **Yorkshire**

Dynamic, commercially minded finance professional to lead finance function in this listed, regional supplier of capital consumer products.

THE COMPANY

- Established plc supplying quality branded product into regional niche markets. Profitable, with record of consistent growth.
- Strong reputation for quality and integrity. Close-knit, team environment with clear corporate values.
- Talented board with commitment, vision and clear strategic goals.

THE POSITION

- Main board role. Take responsibility for all financial matters within action-oriented, hands-on environment. Promote best practice financial controls.
- Participate as full board member, contributing to strategic direction and development of the company.
- Lead, manage and motivate finance team. Opportunity to broaden role to include key commercial functions.

QUALIFICATIONS

- Qualified accountant, ideally with additional business qualification. Strong technical skills. Currently in commercially based role, possibly in manufacturing, engineering or construction.
- Record of innovation and improvement in entrepreneurial, participative environment. Skilled corporate presenter with City exposure. Strong team player.
- Natural communicator at all levels. Inquisitive with desire to gain deep understanding of operating environment. Personable with 'can do' mind set.

Please send full cv, stating salary, ref LD803H3, to NBS, Yorkshire House, Greek Street, Leeds LS1 5SX
Fax 0113 243 2339 Tel 0113 245 3830

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh • Glasgow • Leeds • London • Manchester • Radlett • Slough • Frankfurt • Madrid • Paris

NB Selection — NBS — Yorkshire

A BNB Resources plc company — ISO 9002 Registered

FLAG

Finance Manager – Treasury

Heathrow area — **c £50,000 + Car + Bonus**

Linking the United Kingdom to Japan, with multiple drop-off points, FLAG ('Fibreoptic Link Around the Globe'), is the longest subsea fibreoptic cable ever constructed.

Costing \$1.5 billion, this high capacity digital superhighway provides a vital link to centres of finance and commerce in three continents. It is also the first cable of this scale to have been funded and constructed exclusively by private investors.

Since the cable went into service, permanent financing has been put in place which includes an internationally syndicated bank loan and one of the largest ever telecom high yield offerings which is now registered with the New York SEC.

The Finance Manager – Treasury will work closely with executive management across the company and provide financial support as part of a business team in determining strategy, sales plans and investments.

Key responsibilities will include the following:

- Treasury management focusing on cash, currencies and credit facilities.
- Administration of the bank loan and high yield finance agreement.
- Relationship management with international banks, note holders and the major credit rating agencies.
- On-going financial planning and analysis.

Suitable candidates will be professionally qualified, preferably in possession of the ACA, ACT or MBA qualification, aged between 26-35. In possession of high level interpersonal skills, candidates should have proven finance or treasury experience, ideally gained in a global business environment and posses the ability to add value to FLAG's business.

Please forward a CV to Alistair Robinson, Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG. Fax 01372 370101. Ref 412002

Michael Page
FINANCE

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

ABBEY NATIONAL®

Senior Manager – Retail Banking

Milton Keynes — **c £50,000 + FS Benefits**

Abbey National plc is one of the largest and most successful banking groups in the UK, with assets of £151 billion. An opportunity now exists within the retail banking business group for a talented and ambitious Finance Manager reporting to the Retail Finance Director.

You will manage a team of professional staff with responsibility for a major business area within the retail bank and will be required to make a significant contribution to the management and development of the business.

Your responsibilities will include:

- Financial planning and analysis.
- Statutory and management reporting.
- Managing bank and other external advisor relationships.
- Making a commercially focused contribution to the management team.

You will be a graduate qualified accountant with a proven track record in a large organisation, ideally with financial services experience. You will bring with you a commercial focus and the energy, ambition and drive to add to the continued development of this successful business.

This is a senior management position with excellent prospects for the right individual.

Interested candidates should forward a comprehensive curriculum vitae including current salary details to Jo Hassall at Michael Page Finance, Grant Thornton House, 214 Silbury Boulevard, Central Milton Keynes MK9 1LT. Alternatively telephone for an informal discussion on 01908 692611. Fax 01908 692488 or e-mail: johassall@michaelpage.com
Please quote reference 395916.

Michael Page
FINANCE

London · New York · Paris · Amsterdam · Frankfurt · Milan · Madrid · Hong Kong · Singapore · Sydney

Financial Controller

Central London — **c £40,000 + Excellent Benefits**

Our client is a highly respected market leader in the provision of business services to a prestigious client base. With over 20 years experience in the sector, their annual compound growth since 1995 has been over 30%. Their phenomenal success in this highly competitive marketplace is based on their reputation for dedication to professionalism and the highest quality of service to customers. 1998 will prove another exciting year of continued expansion for the group. Organic growth will be supported by initiatives to aggressively develop new markets with the financial backing and expertise of their \$1.6 billion turnover US parent.

Reporting to the Finance Director but liaising closely with the whole management team, key responsibilities of the role will include:

- Managing a team of ten staff, whilst retaining hands-on responsibility for the timely completion of all internal and external reporting requirements.
- Continued development of systems and procedures to facilitate improved management information.
- Preparation of budgets and business plans, working closely with the Managing Directors of the group's four businesses.
- Monthly review of results and performance including commentary for informal presentation to management.
- Support for line managers on pricing, bids and tenders and staff incentives.

Our client believes in investment in people and encourages open communication, creativity and positive change. We consequently require a proactive and outgoing individual who will prosper in a young, dynamic and pressurised environment. The preferred candidate will combine a formal accountancy qualification with solid commercial experience and an enthusiastic and open management style.

If you wish to be considered for this position please fax your curriculum vitae to Guy Stacey on 0171 831 2612 or write to him at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN quoting reference 410530. e-mail: guystacey@michaelpage.com

Michael Page
FINANCE

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

Finance Director

Commercial role in an expanding US Industrial group

North West — **c £45,000 + Bonus + Car**

Our client is a £30 million subsidiary of a \$3 billion major US multinational. They are a leading provider of industrial and commercial water and wastewater treatment systems and services selling to customers on a global basis. Working closely with the Managing Director, you will have full responsibility for the financial operation of the business as well as involvement in broader commercial and strategic issues. Further responsibilities will include:

- Managing the integration of three businesses into one.
- Providing high quality financial and Management information to UK and European Management.
- Taking a key role in the development of this subsidiary including identifying suitable acquisitions and organic growth opportunities.
- Managing an existing accounts team and taking a lead role in the development of financial systems and procedures.

Suitable candidates will be qualified accountants, aged at least 30 with a proven track record gained within a manufacturing and/or contracting environment. A tough but diplomatic individual, you will possess strong influencing and communication skills.

Interested candidates should forward a comprehensive curriculum vitae enclosing details of current salary package to Barry Heald at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, fax 0161 236 6961. Please quote reference 395347.
e-mail: barryheald@michaelpage.com

Michael Page
FINANCE

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

Finance Director

South West — **Interesting package**

Our client is a prestigious multinational, one of the leading European players in the consumer goods industry. The company is seeking to fill this position which entails **being based in Italy for an initial period** and ultimately in the South West of England.

Reporting to the Managing Director of the UK subsidiary and the Finance Director of the Italian Head Office, you will have full responsibility for the finance and administration departments, as well as reporting to the Head Office.

You will be in charge of restructuring the financial activities of all UK subsidiaries. An important role for the position will be the ability to amalgamate the Italian and Anglo-Saxon cultures.

Aged between 37 and 42, you will have a university degree in business or economics and preferably will be a chartered accountant.

You will have 3-5 years experience in a similar position in a UK company.

Motivated, pragmatic and flexible, you will have strong analytical, organisational and interpersonal skills. You are both a team leader and a team player.

Interested candidates should send their curriculum vitae, including recent photograph and current salary, to Marco Solaini at Michael Page Finance, Via Meravigli 3, 20123 Milano, Italy. Fax: 00 392 72015167.
Please quote reference MS9787
e-mail: mpage@iol.it

Michael Page
FINANCE

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

Financial Director

Fast expanding hi-tech start-up

Nice, France — **500,000FF + Stock Options**

As a key member of the management team, your role will involve strategic development and financial support. Your responsibilities will include:

- Piloting our activities: implementing planning and control systems, licensing and business development.
- Preparing regular management and shareholders' reports, (capital expenditure to date on our research project totals 40MF).
- Supervising fiscal and management accounting.

The company is aiming towards a flotation on European or US Stock Exchanges and you will have a key role in the strategic planning and execution.

To be successful, you will need to have a university degree with five years experience, ideally in an audit firm or in an international company.

Communication and interpersonal skills are essential and the ability to work in a variety of contexts, leading teams and working as a team member.

Interested candidates should send their curriclum vitae and salary details to Jean-Marie Lagaillardie, Michael Page International, 159 av. A. Peretti, 92522, Neuilly-sur-Seine cedex, Paris, France, fax 00 331 41 92 7272 quoting reference JML20489,
e-mail: http://www.mpfrance.com

Michael Page
INTERNATIONAL

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

Adtranz (ABB Daimler-Benz Transportation) is the world's most complete provider of railway systems. The international railway group was formed on 1st January 1996 by merging the respective *railway* activities of ABB and Daimler-Benz. The Group's product portfolio ranges from electric and diesel locomotives, ICE and X 2000 high speed trains, to intercity and regional trains, trams and underground trains, *people movers*, signal and traffic control systems, fixed installations, infrastructure as well as servicing and maintenance. The Group's revenue is approximately 33 billion ECU with 25,000 employees worldwide. For the Berlin Corporate Centre and our major German subsidiary at Hennigsdorf, we are now recruiting for the following positions:

ADtranz
we speak railways

Consolidation Manager
RD/35473

Tasks:
- *Based in the Corporate Centre*, consolidation of financial results of various international subsidiaries into group accounts.
- Maintaining a database of company background data for consolidation purposes.
- Reconciliation of intra group accounts.
- Management and maintenance of the consolidation systems.

Requirements:
- Solid academic education with a finance specialisation followed by several years in relevant positions in industry and/or a Big Six audit company.
- Sound experience with consolidation of accounts in an international environment.
- Experience with international reporting standards is an advantage.

Cash Manager
RD/35493

Tasks:
- *Based in the Corporate Centre, implementation and management* of cash pooling systems.
- Daily management of free cash balances or cash requirements.
- Hedging of foreign exchange exposures in a variety of currencies.
- Monthly calculation of interest balances on an intra group basis.
- *Monitoring of money market developments.*
- Active participation in project activities relating to the Euro currency introduction.

Requirements:
- Minimum 3-5 years experience in cash management/treasury functions.
- Money market experience combined with sound knowledge of financial instruments.
- Knowledge of modern cash management systems.

Asset/Project Finance Manager
RD/35494

Tasks:
- Based in the Corporate Centre, lead and coordinate activities in connection with sales support leasing.
- Evaluation of financing options from various *financiers and lessors in the market.*
- Supporting export and project finance functions; this may lead to area responsibility in this field.
- Prepare financing proposals to customers in coordination with project and sales management.
- Give advice to sales management on financing issues; this includes direct project *involvement* and travelling.
- Organise sales training on leasing and financing topics and *further develop Group standards in this area.*
- Actively manage and liaise with other Group resources, ABB and Daimler-Benz finance companies and external financial advisors.

Requirements:
- Minimum of 5-10 years project finance experience, including equipment leasing, preferably with infrastructure projects.
- Excellent communication skills combined with team orientation.
- Previous commercial experience, ideally in financial sales support functions.
- *Education to degree level in finance* or business administration.

Project Finance Manager
RD/35495

Tasks:
- Based in Hennigsdorf, Germany, leading and coordinating the German subsidiary's project finance activities.
- Supplying hands on expertise and training to sales management regarding *financing options; this includes direct project* involvement and travelling.
- Preparation, evaluation and presentation of financing proposals to sales management as well as customers.
- Actively manage and liaise with other Group resources, ABB and Daimler-Benz finance companies and external financial advisors.

Requirements:
- Minimum of five years project finance experience, especially in German export finance.
- Good working knowledge of Hermes and KfW programs as well as other multi-lateral institutions.
- *Excellent knowledge of German and English.*
- Education to degree level in finance or business administration.

All these positions require the ability to operate in a truly international environment on an everyday basis. The Group's daily language is English, knowledge of German is an advantage, other languages would be an asset. If you are convinced that you can take on these challenges, please send your complete CV, **quoting the reference** of the relevant position, to ***Adtranz, Mr. Ian Butler**, Senior Vice President Group Human Resources*, P.O. Box 130127, 13601 Berlin, Germany.

Michael Page
FINANCE

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

Senior Finance Professionals

BG plc

Following demerger from the former British Gas, BG has outperformed industry and City expectations and was the top performing FTSE share in 1997. These impressive results reflect the capability and dedication of a management team whose future plans are ambitious and challenging yet realistic and achievable. Based initially at the UK headquarters, but with opportunities for secondment to overseas operations, BG now wishes to appoint a small number of experienced finance professionals to strengthen their E&P financial expertise. Responsibilities will include:

- Preparation of monthly group reports and annual statutory returns
- Ensuring accounting policies and procedures are maintained and refined
- Making commercial and strategic contributions to developing the business
- Assisting effective management control of the international business through incisive forecasting, efficient budgeting and focused planning

International roles

Candidates will be qualified Accountants with not less than 5 years' E&P experience, some of which may have been gained internationally. You will have high levels of technical knowledge, energy, enthusiasm and commercial acumen. Importantly, you will also have the personal stature to challenge and add value to current practices and to proposed plans, by gaining the confidence of other divisions and senior managers. These are career roles in a developing, profitable business, poised for rapid growth.

Very attractive salary and benefits

Interested candidates should write with full CV, quoting current rewards package to Angela Mascias, Energy & Utilities Practice, Hoggett Bowers, 28 Essex Street, London WC2R 3AX, Tel: 0171 970 9600, Fax: 0171 936 3974, quoting ref: LAM/16122/FT.

Hoggett Bowers | Executive Search and Selection

INVESTOR IN PEOPLE

Part of the PSD Group

Customer Business Analysts

Outstanding opportunities to join a fast growing IT services leader throughout Europe

UK, France, Germany Italy, Sweden — **Excellent Package + Benefits**

A prestigious multinational, our client is driving the IT services market with more than 20% annual growth. Due to strong demand in EMEA, *ten posts have been created for ambitious* financial executives.

These posts will provide financial input to a multi-disciplinary team who are responsible for winning outsourcing business with a blue-chip client base.

These are high profile roles which command exceptional communication, analysis and commercial skills.

Candidates should be university graduates in finance or equivalent with a minimum of five years experience *in business/financial analysis* involving customer negotiations in an international environment. Fluency in English is essential, a second European language is an advantage.

Due to rapid growth, the business will offer *further international career opportunities within* the group.

Interested candidates should send their *curriculum vitae and salary details to Florence* Bonpaix, Michael Page International, 159 av. A. Peretti, 92522, Neuilly-sur-Seine cedex, Paris, France, tel 00 331 40 88 0902, fax 00 331 41 92 7272 quoting reference FX204842.
e-mail: bonpaix@mpfrance.com

Michael Page
INTERNATIONAL

Australia · China · France · Germany · Hong Kong · Italy · Netherlands · New Zealand · Singapore · Spain · UK · USA

Corporate Development Director

■ GLOBAL MARKET LEADER ■ AIM PLC
■ 103% RISE IN PROFITS ■ 3 FOLD INCREASE IN US SALES
■ £3m SPENT ON R&D ■ SALES 76% UP

Location:
Maidenhead (UK)
/Boston (USA)

Attractive package

An impressive performance over the last five years has seen Staffware become the global leader in Workflow software, operating in over 40 countries. Growth has been achieved largely organically and Staffware now seeks a further board *member to spearhead an* acquisition programme, secure additional funding,consider taking the company to full listing and/or NASDAQ and assist with the company's corporate relations.

Appropriately qualified, you will have an international corporate finance background and senior level Plc and acquisitions experience. You should also have City and ideally NASDAQ experience, with knowledge of the I.T. market being a particular advantage. It is important that you are a team player, able to participate fully with an already impressive team.

CVs to (and for further information) contact Cynthia Larbey, Search Partners – Europe, Covden House, Langley Street, *Covent Garden, London* WC2H 9JA or Tel: 44 (0) 171 447 5566 Fax: 44 (0) 171 447 5575 Email: search-partners.co.uk

SEARCH PARTNERS
EUROPE

Staffware
WORKFLOW

Our vision is to provide our customers with the most useful and ethical financial services in the world.

Serving nearly five million investors through over 300 offices globally, clients entrust the Charles Schwab Corporation with more than $300 billion in assets.

Charles Schwab Europe service over 600,000 customers in the UK, administers over £1 billion worth of funds and has been voted dealing-only 'Stockbroker of the Year' by readers of Investors Chronicle for the past three consecutive years.

Financial Controller

Birmingham
c£60,000
+ Bonus + Car
Ref: 356

ROLE
- To be responsible for the prompt accurate Financial reporting both to the parent company and local European Management.
- Leadership of the core accounting function within the business and its development through the implementation of advanced accounting systems.
- Working closely with other functions such as Compliance and Risk together with Operational Managers to continuously develop improved control procedures.
- Responsible for statutory and tax reporting and working with the Group Auditors.

CANDIDATE PROFILE
- Qualified Accountant, formatively trained within a big 6 environment, with 6-8 years' plus experience in Financial Accounting and Audit including *recent* experience in a senior management position with high level departmental responsibilities.
- Advanced level of Finance based skills combined with well developed commercial awareness and team building and communication skills.
- IT literacy and innovative change management orientation.

Business Planning Manager

Birmingham
c£60,000
+ Bonus + Car
Ref: 357

ROLE
- Preparation of company budgeting and forecasting in consultation with senior management.
- Development of improved systems for analysis of the business by product, channel and customer groupings and also *for* established and development activities.
- Provision of a comprehensive business analysis service to the senior management group and all other Managers involved in leading change programmes.
- To assist in strategically based business evaluation and investment appraisal which could include acquisition and joint venture proposals.
- Working with colleagues in Charles Schwab Corporation in sharing best practise.

CANDIDATE PROFILE
- Qualified Accountant with 6-8 years' plus experience in Financial and Management Accounting including recent experience in a senior Financial Planning and Analysis role supporting strategic business decision making.
- Advanced skill sets in financial analysis, the application of IT tools commercial understanding in influencing business decision makers.
- Innovative, change orientated and challenged by new situations.

For both roles we are looking for individuals with the capacity for significant career growth into roles of increasing seniority.

Please send full CV quoting the appropriate reference number to:
Michael Johnson, Johnson King International, 212 Piccadilly, London W1V 9LD
Tel: 0171 917 1832 Fax: 0171 917 1833 Email: johnsonking@jki.co.uk

Charles Schwab
– E U R O P E –
This is where you can do the best work of your life.

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Divisional Finance Director

Yorkshire - Manufacturing — **c£65k p.a. + bonus + benefits package**

This is a key board appointment and a rare opportunity to join a successful division of a major plc who have an unparalleled reputation in the marketplace, gained through selective acquisition and shrewd investment, making them a genuine market leader.

The team of directors is led by a highly accomplished Managing Director who possesses true entrepreneurial flair, coupled with extremely strong commercial acumen. You will work at his side and be responsible for all Finance aspects within the division, adopting a hands-on style to obtain control at an operational level. At the same time, you will be required to contribute to strategic developments that *influence future profits and bring real added value.*

Working with your colleagues, you will apply your business expertise to providing a comprehensive service that is integrated and enables all objectives *to be achieved.*

This is a time for rapid change, hence the incumbent must have a strong personality and be able to create and sell ideas and most importantly, be *influential at all levels*. When the Managing Director is away due to overseas commitments, you will be expected to act as his Number 2 and continue the drive towards a continuous improvement culture. You must be qualified and have gained experience in the automotive or capital equipment sectors and recognise what is required to improve overall performance in a margin critical environment.

This role would not suit a traditionalist but would be attractive to an astute individual who can contribute to far-reaching programmes that bring tangible business results.

Please send full CV and current salary details, quoting Ref No: 80/221 to Barry Town, Director & General Manager UK, Wetherby Consultants, The Carling Suite, Lawns House, Lawns Lane, Leeds LS12 5ET.

Wetherby

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INVESTOR IN PEOPLE

ASSOCIATE

Management Buyouts

Leading European Fund

London

Attractive Package

Our client is a subsidiary of one of the world's largest financial institutions and most experienced investors in private debt and equity.

Specialising in mezzanine debt and equity financing this growing, successful group has recently closed a private capital fund of approximately $350 million. Affiliates and funds advised by the company have invested nearly $400 million over the past decade in Western Europe.

Working closely with the Partners, the envisaged role will be highly proactive and encompass:

- Investment analysis, negotiation and documentation;
- Marketing and development of relationships with prospective clients and intermediaries;
- Management of existing investments.

The successful applicant will be highly motivated, with an excellent academic record, strong commercial acumen and a flair for business development.

The ideal candidate, aged 25-30, will have gained at least 2 years experience in corporate finance, acquisition finance or private equity. ACA's with corporate finance experience *would be of particular interest.*

In all respects this will be a visible and influential position offered only to an individual who displays the long term *potential of becoming a partner.*

Interested applicants should apply in the strictest confidence to Catherine Tissier at Harrison Willis, Cardinal House, 39-40 Albemarle Street, London W1X 4ND. Tel: 0171 344 5143. Fax: 0171 344 0361. E-mail: catherine.tissier@hwgroup.com Internet: www.hwgroup.com

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INVESTOR IN PEOPLE

FINANCE DIRECTOR

London — PATHÉ — **Excellent Package**

Pathé is a publicly quoted European entertainment group which is expanding its operations in film and television and has its headquarters in France. The group includes film production and distribution companies, cinemas and significant stakes in television companies across Europe. Having recently been awarded one of three film production franchises by the Arts Council of England, the UK company has increased its production schedule to complement its established distribution business and strengthen its position as a major force in the film industry. The UK operation now requires a Finance Director to be part of the senior management team and play a key role in the future development of the business.

THE POSITION

- An integral member of the senior management team, providing strong financial advice to the business and playing a key role in the execution of commercial strategy.
- Assume full responsibility for the finance function, ensuring the production and reporting of timely and accurate financial and management information.
- Undertake various commercial projects across the business including contractual negotiations and reviews of general operating procedures.

QUALIFICATIONS

- Qualified accountant probably aged in your 30's. Post qualification experience gained ideally within leading entertainment/leisure businesses.
- Energetic, assertive and robust with a team building approach and hands-on management style.
- Proactive self-starter who relishes autonomy with proven commercial acumen combined with excellent communication and interpersonal skills.

This is an outstanding opportunity to make a significant contribution to the development of a major player in the entertainment sector. Interested candidates should write, enclosing full career and current salary details to the advising consultant, Sharon Glenaway, quoting reference 2404, at Questor International, Consumer Division, 3 Burlington Gardens, London W1X 1LE. Tel 0171 292 8300. Fax 0171 287 5457. E-mail: gall@questorint.com

QI

QUESTOR INTERNATIONAL

Head of Finance

ESSEX c£50K PLUS EXECUTIVE BENEFITS

Our client is a privately owned and well established group with a turnover in the region of £10 million. It is involved in a plethora of business activities ranging from raw material extraction and processing to leisure management. Due to an internal reorganisation, they now require a proactive and commercially aware senior finance executive to take responsibility for the financial management of the business.

Working closely with the board, you will not only support the management in terms of all financial decisions, you will also be accountable for the operational efficiency of the finance function. Due to the nature of the company you will need to be both flexible and practical in your approach to problem solving with an ability to communicate fluently at all levels within the business.

You will be a qualified accountant and have at least 5 years' experience of holding a senior financial management role, ideally within a manufacturing environment. You will be computer literate and have had some involvement in systems implementation, as well as recent direct experience of producing financial and management information. In addition, you will have a "hands on" and open operating style, with the ability to demonstrate a sound understanding and interpretation of business issues. Forward thinking, professionalism and strong interpersonal skills are also important.

If you believe you have the drive and motivation to make a positive contribution to this company, then please write enclosing your full personal and career details to: Suzanne Dobinson, Management Consultancy Division, Robson Rhodes, 186 City Road, London EC1V 2NU.

INVESTOR IN PEOPLE — ROBSON RHODES — RSM international

Recruitment Directory

The next Recruitment Directory will appear on Thursday March 26.

If you would like details, please contact: Mark Williams Tel: 0171 873 4153 or Ben Bonney-James Tel: 0171 873 4015 email: mark.L.williams @ft.com Fax: 0171 873 4331 email: ben.bonney-james@ft.com

Looking to the future
Planning & Management Accountant

Package to £35,000 • Tunbridge Wells

NPI is a mutual company and was founded in 1835. Our aim is to provide a range of financial solutions to meet the needs of people who are planning, considering or already in retirement. Over 500,000 policyholders are currently making use of NPI's expertise and specialism in pensions and investment management. Funds under management for policyholders exceed £11 billion.

The corporate strategy of the business is geared to rapid growth and within Planning we are working towards best practice. In this team leading role you will play a prominent part in the corporate budget and planning process including the production of consolidated information on financial performance.

You will be a qualified accountant, with ideally around four years' pqe, who has spent some time in a financial services accounting role. An experienced team manager, you'll have spreadsheet experience – ideally MS Office – and have a sound understanding of the OLAS accounting system. Highly self-motivated and assertive, you must combine energy and ambition with the skills to operate comfortably in a team environment.

Career prospects are excellent and you can also look forward to an attractive salary, non-contributory pension, car loan facility and subsidised mortgage.

To apply in confidence, please contact our retained consultants Emma Davies or Alan Ross at Professional Pre-Selection Services, 10 Greycoat Place, London SW1P 1SB, between 10am and 5pm Monday to Friday, or leave a message on their 24 hour answerphone, quoting Ref 754. Tel 0171 222 4218

Fax 0171 222 4195 Email london@pps500.co.uk

NPI

Leisure Sector

MULTI-LINGUAL ACCOUNTANT

Spain

£Negotiable

Accountant with up to three years post qualification experience required by fast expanding leisure business with headquarters in Ibiza and branch offices at other locations in Europe.

The successful candidate will work at headquarters as part of a team including a number of English-speaking staff.

A good working knowledge of Spanish is required and French is desirable. Two year contract available.

Salary and conditions negotiable with excellent promotion prospects for the right person.

Please write enclosing full CV and details of current salary to Box A6106, Financial Times, One Southwark Bridge, London SE1 9HL

All applications to be in by Friday 17th April

FCA

Banking experience.

Systems literate.

Seeks short/long term contract.

Fax: 07070 602516

MAJOR FINANCE PROJECT
PETROCHEMICALS COMPANY

The London office of a major petrochemicals company is looking for a Project Systems Accountant for 6-12 months to contribute to a significant financial systems project. Much of the work will relate to the set up of an integrated SAP (R2) accounting system.

The successful candidate will:

- have a minimum of 3 years relevant accounting experience
- possessing relevant 3-4 year accounting qualification at tertiary level
- have had exposure to SAP R2
- have experience of the chemicals industry (preferred)
- be prepared to partake in all aspects of project work

Interested applicants should contact Peter Kitchin on 0171 915 8858 fax: 0171 420 0651 E-mail: peter.kitchin@robertwalters.com or write enclosing a Curriculum Vitae to Robert Walters Resourcing, 25 Bedford Street, London WC2E 9HP. All enquiries will be treated in the strictest confidence.

Web: http://www.robertwalters.com

You may also apply via http://taps.com/Robert_Walters quoting reference RW41.

FINANCIAL CONTROLLER

GKN Westland Helicopters

Somerset **c£55k basic + f.x. car + bonus**

The Company

As part of the FTSE 100 Group, GKN Westland Helicopters designs, develops and supports helicopters mainly for military use, but with significant civil potential. With major products including the Lynx, Sea-King, EH101 and, most recently, the Apache, the company offers a stimulating working environment at the centre of award winning, pioneering technology. With plans, solidly based on the current order book, to expand to a turnover of £1 billion (currently c£500 million) the culture is one of strategic development and growth. For someone who will thrive in a culture which fosters entrepreneurial flair and encourages the realisation of full potential, and in return for an investment of drive, energy and commercial acumen, GKN Westland Helicopters offers opportunity for progression to the most prestigious levels within the company.

The Role

The newly-created role of Financial Controller offers an exciting opportunity to make an impact and to combine both commercial skill and hands-on technical expertise. Working alongside the Finance Director and taking a wide brief in the co-ordination and growth across all companies in the division, areas of particular concentration will include long-term planning, budgeting, performance analysis, improvement of financial processes and controls, and assessment of major investment projects, acquisitions, bids and proposals. The ability to communicate at all levels and to gain the confidence of the Board will be key, as you will be expected to present financial situations in a clear, logical and succinct manner. To this end, evidence of a wider business understanding and flair will be needed.

The Appointee

With a track record of rapid career progression and demonstrable success to date, the appointee will be qualified (possibly from a Top 6 background), will have senior managerial experience, and will be of Director potential. Defence, engineering or contract/bid knowledge may be advantageous, but strength of personality and enthusiasm for both personal and professional excellence are vital.

NIGEL LYNN ASSOCIATES — ACCOUNTANCY RECRUITMENT

For further details please contact our retained consultant Clare Piper at Nigel Lynn Associates, Eastlands 2, London Road, Basingstoke, RG21 4AW Tel: 01256 840108 Fax: 01256 840112 E-Mail: basingstoke@nigel-lynn.co.uk

Accounts Payable Managers and Accountants

With that commercial edge

Superb opportunities with a high growth public international Company in accounts payable and expenses auditing and recovery.

The Profit Recovery Group is a high growth corporation (Worldwide revenues of over $113m in 1997) and is the global leader in the provision of high technology accounts payable and recovery services. Now in our 6th year in the UK, we have many of the largest retail businesses as our established clients and work nationwide. We are heavily technology based, utilising our global Data Centre in Atlanta USA, our in-house developed proprietary software and remote access Email.

We specialise in the retail and distribution sectors, and are now diversifying into Manufacturing, Financial Services, Healthcare and Utilities.

You will have:

- Excellent knowledge of accounts payable, accounting and systems gained in high volume purchasing environments. A minimum of 8-10 years in Accounting, Accounts Payable or Credit Management.
- Accounting and business experience in the Retail and Distribution businesses is highly desirable.
- Good IT knowledge (particularly spreadsheets and software tools) coupled with the ability to learn our proprietary and standard commercial software.
- Good interpersonal and communications skills at all levels.
- A strong investigative approach, inquisitive and with an eye for detail.
- Be prepared to travel and work at client sites.

If you would like to apply your accounting and business skills to a new and exciting industry, please contact us now to arrange a discussion. We can offer truly exceptional career growth together with training and high earnings opportunities that are results driven.

PRG *The Profit Recovery Group UK, Inc.*

Please send or fax your CV indicating current earnings to: Karen Boxall, Human Resources Co-ordinator, The Profit Recovery Group International, 3 Vere Street, London W1M 9HQ. Fax: 0171 491 2225. Email: kboxall@prgx.com

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

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Chris Ibbiston on 0171 873 3351

Financial Times

EUROPEAN FINANCE MANAGER

PARIS — **C 500,000Ffr + CAR + BONUS**

Forming part of a top three worldwide advertising and communications group, this independent agency network has European revenues in excess of £1.5 billion. With European headquarters based in Paris and operations in over 30 territories, this agency group has long been admired and respected for the quality of its creative output and the calibre of clients they represent.

Reporting to the Director of Finance and Operations Europe, the successful candidate will be responsible for all accounting issues across Europe, including coordination, control and review. This will involve extensive liaison with territory finance teams.

Responsibilities will be varied and include:

- coordination and review of monthly financial information ensuring accuracy and compliance with Group procedures and US GAAP reporting
- providing support, direction and advice to the territory finance teams
- management, motivation and development of a small corporate finance team
- assisting in potential acquisitions including cash flow and profitability analyses
- ad hoc assignments as directed by senior management

Candidates will be qualified accountants aged 28-35. Essential qualities will include good analytical skills, enthusiasm, diplomacy and a pragmatic approach to problem solving. Knowledge of Hyperion would prove advantageous.

The ability to multitask and manage deadlines across territories and time zones is essential. French language skills whilst advantageous are not essential as business is primarily conducted in English.

Interested candidates should contact Jon Vonk or Eliza Daggett at Robert Walters Associates on + 44 171 379 3333 (evenings and weekends + 44 171 720 1527). Alternatively submit a comprehensive resume to them at 10 Bedford Street, London WC2E 9HE. Fax: + 44 171 915 8754.
E-mail: jon.vonk@robertwalters.com Web. http://www.robertwalters.com
You may also apply via http://taps.com/Robert_Walters quoting reference RW44.

http://taps.com

ROBERT WALTERS ASSOCIATES

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Rodale Press is a family owned US company, with a leading market share in special interest publications and has a turnover in excess of $500 million. Forming part of this highly successful business, the UK subsidiary has experienced considerable growth over the past few years and has forecasted continued growth both generically and through acquisitions in the UK and in Europe.

Rodale Press has a number of leading magazine titles, including *Mens Health, Runners' World, Mountain Bike* and *Quick & Healthy Cooking*. With the book division publishing over 80 new titles a year and maintaining a strong back list of over 500 titles Rodale Press is a strong, positive force, spreading the message that you can make a better life for yourself to millions of people.

The need has arisen to appoint a commercially minded financial controller, who will report to the UK General Manager with a dotted line to the US Group Financial Controller.

Your responsibilities will be wide ranging and will include:

- day to day management of the finance department
- all financial management and statutory reporting
- liaison with senior financial and operational managers around the world
- assisting on business planning matters and strategic issues

Aged between 29-35, the successful candidate will be a graduate qualified accountant with a minimum of three years post qualification experience. Previous publishing experience, whilst desirable is not essential.

Personal qualities must include highly developed interpersonal skills and a 'can do' attitude which will provide a strong role model for the team; your proven track record and commercial acumen will be positively applied to assist the business achieve substantial future growth.

Interested applicants should forward a detailed Curriculum Vitae stating current salary package to James Bacon at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 915 8867. Fax: 0171 915 8714.
E-mail: james.bacon@robertwalters.com Web: http://www.robertwalters.com
You may also apply via http://taps.com/Robert_Walters quoting reference RW43.

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Group turnover is £15 million and the expanding client base includes a diverse and impressive portfolio of household name retailers. Growth has been based on a creative and visionary approach coupled with an ability to deliver consistently high quality products.

Following relocation of the Finance function an excellent opportunity has arisen *for a proactive finance professional to join the management team.*

Key responsibilities are:

- management of the finance, IT and administration functions
- close liaison with the Managing Director and other key players in the running of the business
- development of the company's in-house systems capability
- exercising vigorous financial control over the company's activities
- production of high quality management accounts and advice

The successful candidate is likely to be a Chartered Accountant with post *qualification experience in retail, distribution or related sectors. Good attention to* detail, an open, persuasive management style and excellent computer literacy are essential for success in this role.

Interested candidates should forward a detailed Curriculum Vitae including current salary package to Alan Hine ACA at Robert Walters Associates, 42 Thames Street, Windsor, Berkshire, SL4 1PR. Tel: 01753 831515. Fax: 01753 678908.
E-mail: alan.hine@robertwalters.com
Web: http://www.robertwalters.com
You may also apply via http://taps.com/Robert_Walters quoting reference RW42.

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If these aspirations strike a chord, you should attend our seminar to discuss a career in product control. This central activity operates as the independent control function over the risks taken by the firm. The evening will be informative but informal. You will hear about Barclays Capital, the international investment banking division of Barclays PLC. Barclays Capital's core activities are grouped around two principal asset classes, Credit and Rates, and include debt capital markets, syndicated loans, structured and project finance, structured capital markets, derivatives, emerging markets, foreign exchange, money markets, futures, commodities and private equity.
As to your background, you will be a newly qualified accountant or up to two years post qualified, either from a big 6 firm or blue-chip environment. Financial services experience is not a pre-requisite. However, a career at Barclays Capital demands strong intellect, a good degree, excellent communication *skills and the ability to work under pressure and in a team. Age range sought is 24-28.*
If you are interested in attending the evening please send a full Curriculum Vitae to our retained consultants, Jason Garner or Matt Evans at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 379 3333. Fax: 0171 915 8714.
E-mail: jason.garner@robertwalters.com or matt.evans@robertwalters.com
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IT Appointments

IT Appointments

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Our client is one of the largest global asset management firms with substantial funds under management. They are seeking to consolidate their current systems architecture, re-design and implement an exciting "best of breed" approach in order to enhance their strong competitive position.

Re-focusing on process controls a STP approach will involve a broad spectrum of securities systems for front/middle and back office systems. Business areas cover treasury, equities and fixed income and their associate derivative products and cover functional areas as deal analytics, execution, settlement and finance.

Technology skills include Unix, C++, Sybase, and NT in client server environment. Previous experience of packages in each of the areas a definite advantage as well as data migration, systems integration and testing.

We have been retained to deliver a mixed discipline team of Senior Business Systems Analysts and Project Leaders in the following fields:-

- MIS — enterprise wide, application development support
- Settlements — corporate actions, operations, transaction processing
- Equities — trade flow analysis, business flow evaluation
- Commodities — currency/interest rate options and futures
- Research — equity based sales analytics
- STP — end to end trade flow evaluation
- Bonds — fixed income and derivative product knowledge
- Risk Management — analysis and design of enterprise wide systems
- Quantitative Research — mathematical modelling, X product
- BPI — business process reviews and performance optimisation
- Treasury — cash management, package implementation, requirement definition
- Accounting — product accounting, performance evaluation, commissions, revenue reporting

ADIA require IT and business professionals with experience in a number of the disciplines mentioned and the ability to demonstrate a track record involving the design, definition and implementation of large scale securities trading systems. Applicants should be able to provide project management and analytical expertise, with enterprise wide system delivery experience preferred. All positions will be on a permanent employee basis.

To find out more about the project, the rewards and the tax advantages please contact Parallel International, 1 Groveland Court, Bow Lane, London EC4M 9EH, quoting Ref: FT/PAB/UAE/3/98. Tel: +44 171 236 4288. Fax: +44 171 236 4277. Email: info@citielite.co.uk Website: http://www.citielite.co.uk

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At NTT Europe, we're not inclined to blow our own trumpet, though we've already caused one revolution. We're the people who pioneered ISDN, giving businesses all over the world a smarter way to work. That's the kind of technological feat our customers have come to expect from us – and they're never disappointed. Our ability to enhance their performance with innovative telecomms solutions has made us a giant in our sector.

Now we want to make history again, and we want you to play your part. We're composing a multi-million dollar operation across Europe and we need some real IT talent – with the following skills – to make it a success.

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Possessing a strong knowledge of PSX, Carrier's Circuit, Frame Relay and ATM, you will prepare NI proposals and negotiate with customers at the Project Manager level, taking an active role in systems integration and network design/development. You will also be responsible for identifying and evaluating any new network products which become available. As an Engineer within the group you will utilise your experience of the above networking technologies to integrate systems for our clients.

Customer Service Engineer

You will run our Customer Service Centre, handling client relationships and acting as second/third line support. You will also provide a repair and maintenance service, primarily operating remotely, but also working on-site across Europe as and when necessary. Possessing two to three years relevant experience, along with a knowledge of UNIX (Solaris) administration, TCP/IP protocol and Cisco router administration, you will ideally also be skilled in UNIX HP-UX administration, Windows NT server administration, LotusNotes administration, Windows 95 operations, MS-Office 95 and 97. A working knowledge of French or German would be useful, given the European focus of our business, but it is not essential.

Account Officer

Coming from either a technical pre-sales or sales role in the telecommunications sector and understanding the principles of managed services and account management, you will be selling leased line, Frame Relay and other data solutions to European corporate clients. Working with our existing client base in the initial phase you will also be expected to develop new business throughout the European sphere.

Assistant Project Manager

Joining our Network Engineering department you will be responsible for negotiating contract conditions with our leased line carriers, FM suppliers and frame relay interconnection carriers (ie Worldcom, BT, Cable & Wireless). You will be involved in the procurement of equipment such as TDM, FR switch and Routers from a variety of vendors and will be responsible for negotiating purchase conditions, arranging delivery and assuring the final installation condition of such equipment. You will also be required to set up our service 'Points of Presence' across Europe and provide maintenance to each of these.

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To apply, please send your CV quoting Ref. NTT to: Talisman Information Systems Resourcing, Portland House, 4 Great Portland Street, London W1N 5AA. Fax: 0171 307 3101. E-mail: Chris.Pagett@Talisman.co.uk Or, for more information, phone us on 0171 307 3100.

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Your competency in the INFINITY toolkit should be demonstrable as should your knowledge of C++ and [illegible] platforms for the developer roles. A background in [illegible] complex derivative front, middle and back office [illegible] extremely important. Of particular interest are [illegible] designers [illegible] who can add value and dimension to the processing of [illegible] product financial instruments.

Key competencies are a knowledge of a range of the following:

- C++, UNIX, INFINITY
- Swaps, Caps, Floors, FRAs Futures, Swaptions, Options, Exotics, FX, MM, Bonds
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Candidates should apply in writing by Monday 30 March enclosing a cv (including details of current salary and notice period) to Robert Potter, Human Resources, Société Générale, Exchange House, Primrose Street, London EC2A 2DD.

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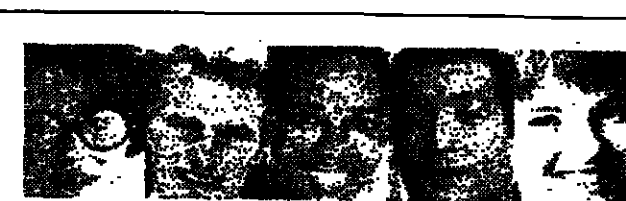

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Merci d'adresser votre dossier de candidature (CV et lettre manuscrite) sous la réf. CI/FT à Sodexho - Service Recrutement - BP 104 - 78883 Saint-Quentin Yvelines Cedex - France - Internet : http://www.sodexho.com

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